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Caricom Backs Invasion of Haiti With World Support

FL0707213694 Kingston RJR Network in English 1700 GMT 7 Jul 94

[Report by correspondent Laura Thomas from the 15th Caricom summit in Bridgetown, Barbados]

[Excerpt] Caricom [Caribbean Common Market] has passed a resolution which would support military invasion of Haiti if it is sanctioned by international law in the event the Security Council fears a threat to regional peace and security, or [words indistinct] itself if it becomes necessary, or if a state of genocide exists. (?Hear) this report from Laura Thomas:

[Begin recording] [Thomas] On Caricom's position, Prime Minister P.J. Patterson stressed that Caricom heads are not (?to refer) to (?auxiliary military) options. As for Jamaica, in particular, Mr. Patterson ruled out participation in any unsanctioned military invasion.

[Patterson] Insofar as Jamaica is concerned, we do not participate in any decision that is not sanctioned by international law. And the resolution adopted by conference must (?state) that position.

[Thomas] Mr. Patterson noted that (?it is just a sea) of Haitian boat people could conceivably reach the state where it could be called genocide and the unplanned arrival of Haitians on the shores of other countries could create a situation of total instability which could result in insecurity. What this minister says is that it is clear the situation in Haiti is fast approaching the state where international law could sanction military invasion. However, Mr. Patterson says the situation as it stands is not at the stage where it would trigger an immediate resolution by the Security Council with the call for intervention. [Words indistinct] Caricom heads and American Ambassador Thomas MacNamara met. The meeting discussed plans for the UN mission in Haiti, which should be launched sometime in August with the [word indistinct] with the restoration of Aristide and the [words indistinct] mission. Laura Thomas, reporting from the (?Sherborne) Center, in Barbados, for RJR news. [end recording] [passage omitted]

Caricom Leaders Face Airline Disputes

FL0707233094 Bridgetown Caribbean Broadcasting Union Television in English 2300 GMT 5 Jul 94

[From the "Summit '94" program; speakers identified by video captions]

[Text] Among the papers put before the heads today were the recommendations of a meeting of ministers responsible for civil aviation which took place in Ghana just last week. As [CCN TV6 (Trinidad and Tobago) correspondent] Elizabeth Solomon reports, the ministers have three clear recommendations involving the adoption of a multilateral air service agreement. But they might not seem as straightforward when they get to the stage of acceptance by heads of government:

[Begin recording] [Solomon] Regional ministers with responsibility for civil aviation have recommended to this conference that the heads take no further action to conclude a specific agreement on LIAT [Leeward Island Air Transport]. They recommend, instead, that the multilateral air services agreement be adopted and that the conference undertake to implement expeditiously this agreement. The purpose of the agreement, according to the technocrats, is to streamline arrangements of various air carriers, particularly Caricom carriers. It will not affect any agreements already in place, and it should not affect any of the existing regional airlines.

[Ken Valley, Trinidadian trade and industry minister] What the multilateral air services' bottom line is to set the terms under which governments would grant air service space to intraregional carriers. Okay? Be we have (?certain) arrangements but are not going to be affected by the multilateral air services agreement. [sentence as heard] LIAT is not going to be affected.

[Solomon] Yet it is unlikely that this agreement, which it is claimed can only benefit the consumer and will give no special advantage to LIAT, will be easily passed. The issue is being dodged by the leaders for various reasons.

[Unidentified speaker] I mean, first of all, how could I know what it would mean for the [words indistinct]?

[Solomon] The prime ministers of Trinidad and Tobago and Antigua and Barbuda met yesterday afternoon to discuss the fate of LIAT, and it is understood that Mr. Manning assured Mr. Bird that the original offer from Trinidad and Tobago to back LIAT is still open. The air services agreement will be open for signature from all the heads, and it doesn't require an entirely unified approach for it to become a reality. But it will depend on which countries agree. Trinidad and Tobago, Jamaica, and Antigua seem to be key.

The multilateral air services agreement, if accepted, will be a revolutianary step toward streamlining air transport in the region. There are few such agreements in operation in the world, and it's expected that negotiation on this agreement will not be without its problems. Elizabeth Solomon, for "Summit '94." [end recording]

Antigua and Barbuda is going all out to save the financially strapped regional airline LIAT. The island's prime minister, Lester Bird, says his government wants to assume full responsibility of LIAT in the interest of Caricom. But he argues that some member-states are double-crossing Antigua and Barbuda in support of a proposed British Airways subsidiary airline. Louis Daniel [Antiguan Broadcasting Service correspondent] has more:

[Begin recording] [Daniel] It is serious business as Caricom leaders meet here, at the (Cherborne) Center, on day two of the 15th summit to discuss the privatization

of the Antigua-based regional carriet LIAT. In fact, Antigua and Barbuda's prime minister, Lester Bird, says the debate could well tread on the future of the regional integration movement Caricom. Mr. Bird is spearheading the discussions on behalf of Antigua and Barbuda as the two-island nation seeks to take control of LIAT before liquidation or privatization. Mr. Bird says Antigua and Barbuda is willing to put up the money to sustain LIAT, but there are member-states—particularly some OECS [Organization of Eastern Caribbean States] countries—that are resisting Antigua's bid. He says they are supporting a British Airways proposal for a fresh airline called Sunrise. Mr. Bird says Antigua and Barbuda has rejected this proposal in the interest of Caricom, the OECS, and Antigua and Barbuda, where LIAT employs about 1,000 nationals. The prime minister added that a stiff negotiation, which he referred to as a gross injustice to Antigua and Barbuda, are threatening the future of Caricom:

[Bird] Quite frankly, Antigua and Barbuda may be disposed to walk out of this conference if we feel that we have been treated unfairly on the question of LIAT. And that cannot be good for the future of Caricom because we are one of the founding members of it and we are an important cog in it. But we want to energize and sensitize the Caribbean people, not just the Antiguans, to the unfairness of what is happening in this whole matter. And that if we're going to have Caricom as a viable entity, then we have to act with a mutual respect for each other. So, I think that this is also a test of the future of Caricom and, therefore, it goes beyond just the question of the airline but goes to the root of our dealing with each other in a manner which is in the interest of the whole.

[Daniel] Mr. Bird says the Antigua and Barbuda delegation is holding discussions with the Barbados-based Caribbean Development Bank, CDB, to assume the liabilities of LIAT. But he said that other resistance coming from some governments is the refusal of a multilateral air services agreement with Antigua and Barbuda. As was expected, the privatization of LIAT is becoming a most sensitive issue on the agenda of Caricom heads of government as they meet here, at the (Cherborne) Center. Louis Daniel, reporting for "Summit '94." [end recording]

Any decisions taken by Caricom heads on LIAT are likely to affect another indigenous carrier: BWIA [British West Indies Airways]. As [ICN (Trinidad and Tobago) correspondent] Nicole Huggins reports, the government of Trinidad and Tobago is hoping that Caricom adopts a proposal which could ensure the survival of both airlines:

[Begin recording] [Huggins] The government of Trinidad and Tobago is proposing that BWIA and LIAT form a strategic alliance which could cut down on the cost of running the two airlines and could lead to an improved service.

[Valley] We have got to find some other mechanism to have a turboprop operation in those islands, alright? The preference, the BWI's preference, the government of Trinidad and Tobago's preference is that somehow we can restructure LIAT to fit that, but if we cannot get agreement, we cannot continue hitting our head against a stone wall.

[Huggins] Officials at BWIA in Trinidad are particularly concerned over whatever decision is made at this summit. The airline is foreseeing increased competition from British Airways. Although these plans are unclear, it is suspected that along with its tourist-oriented thrust in the Caribbean it is also creating its own turboprop in the region, feeding its international routes. There is a fear that BWI could be squeezed out of those routes and out of existence.

[Valley] BWI may then have to get its own turboprop operation. Too, Air Caribbean that is operating in Tobago, Air Caribbean is saying that they can service.-..[pauses] They've written me, stating that they can service those islands. Or you may have to find some other airline that is already looking at coming into Trinidad, you know, some small airline to service the area.

[Huggins] For Trinidad and Tobago, an alliance with LIAT is the prefered option. But Caricom needs to make its decision on that airline soon. Nicole Huggins, for "Summmit '94." [end recording]

Mercosur Presidents To Sign Tariff Agreement

PY0807031994 Buenos Aires LA PRENSA in Spanish 5 Jul 94 p 7

[Text] In response to a request from Uruguay, a new date has been set for the meeting between the Mercosur [Common Market of the South] chiefs of state. During this summit, the implementation of the common external tariff for the region will be evaluated.

The upcoming Mercosur presidential summit will be held on 5 August in Buenos Aires. This has been confirmed by Argentine Ambassador Jorge Hugo Herrera Vegas, pro tempore president of the Common Market Group.

During the meeting, the four presidents will study the implementation of the common external tariff, which according to the schedule established by the Treaty of Asuncion must be implemented on 1 January 1995.

The Argentine representative highlighted the fact that Mercosur has entered a decisive month, and ruled out the possibility that the goal for creating a customs union (UA) would not be met, "thus creating a trade bloc of 200 million inhabitants with a GDP that in the short term could reach $1 billion per year" among the four countries.

The diplomat reported that the date for the presidential summit had been confirmed over the past few days after

Uruguay had requested a delay, as it considered it necessary to extend the external common tariff negotiations (AEC) for 2 more weeks.

Herrera Vegas admitted to the official news agency [TELAM] that "this proposal was transmitted to the other countries (Brazil and Paraguay), and that date was definitively agreed upon."

The Uruguayan Government had demanded more time for the negotiating process for the common external tariff, a clearer definition of the original rules, and the examination of the possibility of authorizing duty free zones.

Herrera Vegas stated that Argentina, Brazil, Paraguay, and Uruguay currently have a joint GDP amounting to $800 million, and that this is an advantage in the creation of a bloc of 200 million inhabitants.

"In addition," Herrera Vegas added, "when Brazil's GDP becomes practical with the implementation of the real (the new monetary unit of the stabilization plan), its overall volume will be very much higher that the current GDP. This occurred in Argentina after the convertibility plan was implemented, and this is why it is hoped that Mercosur will have a GDP amounting to $1 billion."

"To create such a very large bloc will be a very important event, and the objective is to arrive on 1 January 1995 at a customs union, even an imperfect one, that will encompass 85 percent of the products in a common external tariff," Herrera Vegas said.

Argentine President Carlos Menem, Uruguayan President Luis Alberto Lacalle, Brazilian President Itamar Franco, and Paraguayan President Juan Carlos Wasmosy will meet on 5 August at the seat of the Bank of the Argentine Nation to give the necessary political commitment to the agreements that have been achieved by the economy and foreign ministers of the four countries.

These eight ministers make up the top institutional level of the future bloc, the Common Market Council (CMC), which will meet to make final decisions on the agreements that have been drafted at the technical level, in the "presence of the four presidents."

The CMC will have a prior meeting on 4 August, and on 2 and 3 August there will be a meeting of the Common Market Group (GMC) to conclude the work prior to the meeting of the ministers. Prior to these dates, the GMC will hold two extraordinary intermediate meetings on 14 and 15 July in Buenos Aires to decide the final summit agenda.

Herrera Vegas explained that "the GMC will evaluate and make the necessary political adjustments to the technical work carried out by Sub Work Group 10 (SGT10), which coordinates macroeconomic policy," and which must define the future common external tariff.

Cuba

Castro Attends Student Subsidies, Loans Meeting

FL0707112094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 4 Jul 94

[From the "NTV" newscast]

[Text] On 2 July, President Fidel Castro attended a meeting of the Federation of Secondary School Students and the Federation of University Students which was held at the Palace of the Revolution, in Havana City. During this meeting, modifications to the current subsidy and loan program for university students were proposed and accepted. These modifications were greatly debated in classrooms all over Cuba, as they were debated in the parliaments in the workplace earlier.

The accords, which will be drafted and implemented within the next few days, will go into effect during the next first term of university studies. The students currently in universities will not be affected by these changes.

For new students, the proposal is to substitute the sudsidies with loans, which must be repaid once the student graduates. Meanwhile, students receiving benefits from the Ministry of the Revolutionary Armed Forces' Order 18 will maintain the level of subsidy without any modification, considering that they have rendered service to the Armed Forces over a long period of time.

Other issues related to student life were debated at the students' meeting, from political preparation to self-sufficiency support.

Carlos Lage, executive secretary of the Council of Ministers, Finance and Price Minister Jose Luis Rodriguez, Higher Education Minister Fernando Vecino Alegret, and Juan Contino, first secretary of the Union of Young Communists attended the meeting, as well as Otto Rivero, president of the Federation of University Students, and (Hassan) Perez, president of the Federation of Secondary School Students.

Havana Water Supply Problems, Solutions Outlined

FL0707112294 Havana Radio Rebelde Network in Spanish 1700 GMT 2 Jul 94

[From the "National Radio News"]

[Text] The state leadership, the National Institute of Water Resources, and the Havana City authorities are aware of the magnitude of the problems in the water supply to the capital. Efforts are currently being made to find solutions to problems that will require financing.

As everyone already knows, the water supply to Havana City becomes more difficult everyday due to the deterioration of its equipment, its large conduits and pipes, as well as the sytem's inadequacy which, despite investments, became outdated in relation to growth in the socioeconomic infrastructure and the population.

For a territory such as the nation's capital, the calculated allowable loss of water is 20 percent of the total amount of water pumped. Nevertheless, the current losses are much greater. Of the 39 million cubic meters of water pumped monthly, more than 18.3 million cubic meters are being wasted. These losses are mostly caused by the poor condition of the equipment, which has been in use for several decades, and the public faucets, which despite efforts to eliminate them, increase daily due to the age of the network.

Operating without reserves worsens the situation. For that reason, Havana City's aqueduct survives with numerous problems. To ease the inadequacies in the supply and the pressure of the water pumped, three new wells are being drilled in the Ariguanabo Basin, which should be completed by the end of the year, and the sealing of joints in large conduits that originate in (Coscuyuela). It will cost $10,000 to purchase the resin alone.

A new aqueduct for the area of Santa Fe, and the linking of smaller aqueducts to provide for some of the insufficiencies of others, are now underway through contributions made by the Ministry of Tourism.

According to pronouncements made to the newspaper GRANMA, Guillermo Jimenez, vice general director of the Aqueduct of Havana City, the plan is that once the financing in foreign exchange is obtained, they will begin an initial phase to eliminate public faucets connected to large conduits and networks, which should be completed in three years; and a second phase for the maintenance of the networks, which should be completed in 15 years. The execution of these projects will have a combined cost of $10 million.

Beginning on 1 October, the one-peso-per-capita fee for water service will begin to be charged, as well as fines for excess usage to those who have water meters. Nevertheless, the money collected will not even be able to cover the current operating costs of the aqueducts.

We are facing difficulties that may not be solved overnight, but they can be minimized. There are state entities and families who ignore or forget how costly the supply of drinking water can be and do not cooperate by saving according to their abilities. Right now, Cuba is only in a position to make minor repairs to Havana's aqueduct, but despite this, it has not ignored the necessities.

Shortages To Continue Through Week

FL0707112494 Havana Radio Rebelde Network in Spanish 2300 GMT 4 Jul 94

[Text] Water supply shortages in sections of Centro Habana, Habana Vieja, Playa, and Diez de Octubre Municipalities will continue throughout the week, say

authorities of the provincial aqueduct directorate. Guillermo Jimenez, vice general director of this entity in Havana City Province, said there will be difficulties in supplying water to the higher elevations of Diez de Octubre due to a rupture in one of the pumping systems of the (palatino) tanks. Centro Habana and Habana Vieja will be affected in areas that receive water after 0300 GMT due to low levels in the Vento and Aguada del Cura reservoirs and the impossibilities of supplying them with water from other sources.

Over the past few days, an intensive effort has been made in the area of Santa Fe in Playa, which is described as critical, to eliminate public faucets, but problems still exist with the distribution of liquids since that location's aqueduct does not cover the average daily demand for water. To confront these deficits, the aqueduct directorate will provide free water tank service to those neighborhoods most affected, with increased emphasis on prioritized centers such as hospitals, daycare centers, and other centers directly linked to the population.

Jimenez reiterated to journalists that the breakdown of equipment at the sources of (Coscuyuelas), (Cuenca Sur), and (Meideles), the low levels of the Vento and Aguada del Cura reservoirs, and the 170 public faucets connected to the large conduits are the main causes of the current situation with the water supply in the capital. In that sense, Lourdes Mijans, provincial aqueduct director, pointed out that within the next few days they will receive resources to correct the public faucet problem, which will allow them to change the current waste situation through this means. She also pointed out that the administrations and population in general should try to conserve water because it has been estimated that 40 percent of the water is wasted through the public faucets and the state and residential sectors.

Plan To Restore Water System

PA0607144094 Mexico City NOTIMEX in Spanish 1857 GMT 2 Jul 94

[Text] Havana, 2 Jul (Notimex)—Today, Cuban authorities disclosed new details on the shortage of potable water in Havana and announced that 11.83 million Cuban pesos will be invested in rehabilitating the city's water system to ease the crisis.

Guillermo Jimenez Garrido, vice general director of the capital city's aqueduct, announced that a plan will be implemented in two phases to first eliminate huge leaks and second repair the deteriorated aqueduct system.

The first phase will yield results within three years and the second within 15, said Jimenez upon announcing the need to invest 1.83 million Cuban pesos in the first phase and almost 10 million pesos in the second (the same amount in dollars).

"These are problems that cannot be resolved immediately, but they can be ameliorated," the official newspaper GRANMA noted in an article published on Saturday, to explain the gloomy panorama looming over the capital city's more than 2 million inhabitants.

"Supplying water to the Cuban capital is becoming increasingly complicated due to the deterioration of the city's equipment, large conduits, and systems, which are inadequate in light of the population's growth and the economic and social infrastructure," the newspaper said.

According to GRANMA, mouthpiece of the ruling Communist Party of Cuba, "the nation's economic capabilities for the time being permit only remedial efforts to restore Havana's aqueduct" which, according to the report, "has survived despite a number of setbacks." Sources at the National Institute for Water Resources [INRH] said that for land like Havana's, an estimated loss of 20 percent of all the water pumped daily is acceptable. "Nevertheless, much more than that is leaking: every month 18.3 million cubic meters of the 39 million cubic meters supplied or, in other words, half is lost," admitted an INRH spokesman. Only 15 percent of the 4,000 km system is in good technical condition and the rest is in "average or poor condition," he emphasized.

Workers brigades are looking for ways to stop the leaks, but "they always fall behind because more leaks appear due to the aging of the system and their poor workmanship." Also, most of the equipment and pumping stations are decades old and no longer useful, said GRANMA in a lengthy report that was read on state-owned radio stations.

In view of the magnitude of the crisis, INRH specialists have ordered the drilling of new wells in various parts of the capital and the interconnection of small aqueducts.

GRANMA pointed out that the monthly fee collected for water services will not yield enough money to even cover the expense of operating the Havana aqueduct.

The Cuban Government has decided to charge for water services as part of the economic adjustment program initiated in June to resolve the budget deficit and withdraw excess money in circulation.

GRANMA criticized the manner in which state institutions and agencies as well as families waste water, totally disregarding the fact that this vital substance is also needed to water crops in the provinces.

Tribunal President on Penal Code Changes

PA0707154894 Havana Radio Havana Cuba in Spanish 0100 GMT 5 Jul 94

["First part" of interview with Jose Raul Amaro Salup, president of the Supreme People's Tribunal, by Barbara Betancourt; place and date not given; from the "Evening Information Review" newscast—recorded]

[Text] [Betancourt] When a little over six years ago, the Cuban Parliament approved important changes in the existing Penal Code, the objective was to reinforce the policy of preventing crime instead of using repression and to introduce more flexible guidelines for jail sentences. It became clear that longer prison terms and jail sentences had not effectively reduced the crime that had prompted those major changes.

New changes in the Penal Code are now being drafted again. Since I think that six years is a short time to make new changes to such an important code of laws, I interviewed Raul Amaro Salup, president of the Cuban Supreme People's Tribunal.

First, thank you for receiving me, Dr. Amaro. Would you please tell me why the new changes are necesary? Please comment also on my introduction, as I am not an expert in this field.

[Amaro] I find nothing lacking in your presentation; to the contrary, it was very good and accurate. Your concern is justified, and I believe clarification is warranted. First, in 1988, the National Assembly's promulgation of Law No. 62 in effect an overall change to the Penal Code that had been in effect since 1979. Several changes were introduced, specifically in reducing the sentences for various crimes. It was determined that severe sentences were being applied for conduct that in practice did not warrant such severity.

[Betancourt] Like in Dante's Inferno, in other words, punishment should be according to the crime committed...

[Amaro, interrupting] Exactly. As you know, there are many issues that must be taken into consideration when evaluating a crime. First, there is the nature of the crime, the social damage it causes, the personal characteristics of the person who committed the crime, which is an important factor because there are differences between a first-time offender and someone with a criminal record. All those issues are taken into consideration because before issuing a sentence you cannot make a decision based on a single factor but within the context of all factors. You must take into account a number of factors in accordance with the law in order to make a just decision. If the law does not permit a just decision, the judge may feel that his hands are tied...

[Betancourt, interrupting] Because he must do exactly what the Code says.

[Amaro] Yes, because he must comply with the law.

[Betancourt] Naturally.

[Amaro] In that sense, at that time, in 1988, Law 62 was very important.

[Betancourt] Yes, I recall that its main objective was basically to depenalize...

[Amaro, interrupting] There were two basic issues at that time. First, the so-called depenalization, which really was to eliminate several actions or omissions classified as crimes subject to punishment. Those actions were not serious enough to be regarded as crimes and thus be subject to punishment. Therefore, many became simple administrative transgressions. This is what was called depenalization, which technically means not classifying certain actions as crimes, or in other words the decriminalization of the Penal Code. It was one of the main issues in the changes made at that time.

The other issue is the one I mentioned before, a reduction in prison terms for crimes that did not really warrant severe sentences. Those were the two main issues.

In addition, several institutions were created which permitted the application of more flexible sentences.

[Betancourt] Do you mean no imprisonment?

[Amaro] The changes we introduced at that time permitted the conditional annulment of a sentence, in other words the suspension of a sentence. Changes also introduced limited freedom, rehabilitation work both in jail and outside jail; fines were added as alternate punishment in lieu of arrests. All these changes made it possible to apply a more flexible penal justice.

[Betancourt] Dr. Amaro, what you have just explained seems to indicate that what was done previously was in effect the enactment of a new penal code, given that changes were very broad and diverse. Does this all mean that since the current changes are less sweeping, that there is no need for them to be discussed in Parliament?

[Amaro] Exactly. I would like to remind you of something. First, what I mentioned before was that this—as you just stated—was in effect a new penal code. What we are proposing now are a few changes to that same penal legislation that will be implemented very quickly. Between 1988 and 1994, our country has gone from one type of situation to another that is totally different and that entails adopting some measures that will serve to deter criminal activity.

[Betancourt] In other words, the fundamental reason is...

[Amaro, interrupting] That is the fundamental reason.

[Betancourt, continuing] ...to have the Code reflect the current situation?

[Amaro] Exactly, as well as to preserve each and every one of the institutions and the positive things accomplished by Law 62, in other words, the 1988 changes to the Penal Code. Nothing has been discarded, everything remains the same...

[Betancourt, interrupting] In other words, an act that had been declassified will not be reclassified?

[Amaro] Absolutely not. Absolutely not. What have we done? First, keep in mind that changes in the Penal Code, even though we had been working on them for some time, are not an isolated statute. You have been witness to how some measures have been already been implemented. I call your attention to Decree No. 149 against the so-called moneybags, individuals who through all sorts of illegal channels and so forth have been getting rich at the expense of our people. We also have regulations against illegal car sales and illegal home sales.

Now, going back to what we just mentioned, let me say the following. The law decrees promulgated by the State General Council, such as Law Decree 150 on changes in the Penal Code, are very limited and are thus discussed in the State Council. But we should keep in mind that in accordance with constitutional guidelines, all decrees are discussed by the entire National Assembly prior to ratification, or, if need be, any other pertinent issue is discussed. In other words, nothing is done behind the Assembly's back. All law decrees—including this one which is just one more—will go to the National Assembly during its next session.

[Betancourt] I wanted to point out that it does not have to go through all the debates and discussions as with previous changes.

[Amaro] No, the thing is that here in Cuba, on many occasions we traditionally discuss very significant changes to our penal legislation at the level of the community, unions, social and mass organizations, schools, and so on. This is in reference to very sparse and limited feedback on these issues that we get from the man on the street.

[Betancourt] This is not unconstitutional?

[Amaro] Absolutely not.

[Betancourt] I would like you to explain what these fundamental adjustments are. What areas do they basically cover?

[Amaro] I can sum them up in terms of two or three fundamental issues. One is changes in general aspects of the Code itself or, if you prefer, in the Code's most general provisions. Two, in some specific types of crimes. Several crimes have been changed in order to bring them up-to-date with the current situation. Third, the creation of a new kind of criminal who has emerged as a result of economic changes taking place in our country.

[Betancourt] Tomorrow we will be continue with the second part of this interview with People's Supreme Court President Raul Amaro Salup. On that occasion, he will be explain the principal changes to Cuba's Penal Code that have been in effect since 10 June.

Journalist Discusses Rumors of New Currency

FL0707005194 Havana Radio Progreso Network in Spanish 1000 GMT 2 Jul 94

[Commentary by Luis Orlando Pantoja; from the "First Thing" program]

[Excerpt] Just days ago, a comrade, who is an honest worker at a center close to this radio station, approached me and asked in a soft and mysterious manner: Pantoja, you are a reporter. Is it true that they are going to print another type of currency to replace the dollar? He was not the first to speak to me on this issue and I should mention that the others asked in the same manner—softly and mysteriously.

I believe the shortage of paper on one hand, and the outages on the other do not allow everyone to hear the news or read the newspaper to learn of current issues in our country and the world. As for the rest of the national territory, they are being affected by many lengthy outages.

The truth is that I do not know if new currency will be issued to replace the dollar or if it is going to be a voucher [bono], a "ticket," or a coin [chavito], as some call it. I do not know if it is going to circulate on the market. The fact is that this issue was brought up during the National Assembly of the People's Government [ANPP], after which the newspaper JUVENTUD REBELDE printed an article on that same issue, and, if I am not wrong, I believe other reporters have spoken on the subject.

I believe Panama is one of only two or three countries where dollars are freely used, not including the United States and Puerto Rico, which is a semi-U.S. colony. Cuba is now another one of those countries.

The ANPP, which was publicly held and openly broadcast for all to see, agreed on the following recommendation to the government: Establish measures that would allow adequate control over the circulation of foreign exchange in the country, making sure that the objectives for which it was authorized are met.

Now, my point of view on the issue is the following—and this is my personal point of view: Most countries in the world change foreign exchange for a currency that carries out the role of that foreign exchange; they include a tax to cover the costs of those transactions; and they seek to prevent the aging of the foreign exchange, which cannot be substituted, since that can only be done by the issuing country—or its owner, in other words. If that is done in the majority of the countries of the world to avoid the circulation of counterfeit foreign exchange and to obtain a sum of money before spending, why then so much concern, talk, and rumor by our enemies, who are beyond our borders, if we have to apply the same system. Is it not done in other countries?

It is my personal belief that this would undoubtedly help us control speculators because it is possible to buy in

foreign exchange stores, or you would have to purchase goods with that new convertible currency.

On the other hand, some are of the opinion that the new currency does not make the possession of foreign exchange illegal and that it would not prevent these people from purchasing goods in tourist shops. The fact is that when there is a change, or that changes are at hand, the rumors, stories, and gossip snowball even when it is an international, legal, justified, and necessary practice.

Even though the possibilities of its implementation are announced on television, during the ANPP... [passage omitted]

Military, PCC Officials Visit Eastern Army Units

FL0607234594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 Jul 94

[From the "NTV" newscast]

[Text] Division General Ramon Espinosa Martin, chief of the Eastern Army, paid tribute to Cuban hero Carlos Manuel de Cespedes. Espinosa was accompanied by (Alfredo Enrique Espina), first secretary of the Communist Party of Cuba [PCC] in Granma, Jorge Risquet Valdes, member of the Central Committee of the PCC, and by media directors during a visit to the Provinces of Granma and Las Tunas to witness firsthand the defensive efforts of Eastern Army units.

Granma has the first protected city of Cuba, Manzanillo. The construction of kilometers of tunnels does not end. The town's people and the Revolutionary Armed Forces [FAR] work on this prioritized task.

We witnessed the efforts made here in fish farming by the provincial General Staff. They already have 22 ponds stocked with fish eggs, which receive their gravity-fed water through a main channel. This number is to be doubled shortly.

They also visited the military rice farm of El Jucarito. This farm distributes its production to Army units stationed in the five eastern provinces. The water accumulated in the rice fields is also used for fish farming here.

Along with increased agricultural and fish farming developments, combat preparation is underscored for these eastern combatants. This was established during a visit to an artillery unit, which was several times awarded as a FAR vanguard unit. The plans for combative preparation are being met, with huge reductions in cost, and men are taught the things they really need to know for combat.

Revolutionary Hero Causse Perez Dies

FL0707015694 Havana Radio Reloj Network in Spanish 1729 GMT 4 Jul 94

[Text] Brigadier General Jose Nivaldo Causse Perez died on Sunday, 3 July, as a result of a sudden illness. Causse was a hero of the clandestine forces and of the Revolutionary Army. Causse had served in various areas of the Revolutionary Armed Forces. At the time of his death, Causse was serving on the national directorate of the Cuban Revolution Veterans Association. His body will be taken to Santiago de Cuba, his hometown, for burial.

Program Notes Socialism-Market Economy Compatibility

FL0607202794

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1600 GMT on 1 July carries its customary "Straight Talk" program with host Osvaldo Rodriguez of BOHEMIA magazine and Renato Recio of TRABAJADORES newspaper, who discuss socialism's compatibility with a market economy.

Rodriguez says he has already reviewed the issue with Osvaldo Martinez, an economist who said this is possible because socialism is a society with mercantile relations.

Recio says he disagrees with the term, market economy, and would prefer using the word, market, because a market economy is actually a capitalist economy completely dominated by the market in a consumer society.

Recio says: "The current Cuban society might be prejudiced, too prejudiced, against the market. First I would like to differentiate between socialism and socialist models, meaning the socialist models that were established. You could very well use the term, socialist model, because the predominance of the USSR and the socialist model that the USSR built was quite evident in almost all the societies, including Cuban society, so I differentiate between socialism and a socialist model. We know what eventually happened to the socialist model in East Europe.

"Cuba has not renounced its socialist project. In any case, Cuba understands there are certain goals that must be relinquished for the time being, but Cuba also emphasizes its intention to uphold the essential achievements of socialism, which means that Cuba wants to be socialist. Nevertheless, certain options are now open in Cuba—one sees this, one observes this—which lead to more intensive mercantile activities. I previously said that the socialist model excessively berated and neglected trade, the market, and its laws."

Recio says socialism disregarded the financial aspects of the economy and relied mainly on production activities.

Rodriguez agrees, adding that the Soviet Union achieved a certain level of economic development, but that its way

of doing business was practically on a barter basis, "without even considering the way product prices fluctuate on the world market."

Recio notes that the socialist financial system "was not consistent with the market laws that necessarily rule a monetary society, and that this caused a great deal of damage." He emphasizes that, "given its current situation, Cuba must necessarily become part of a world dominated by capitalism; where all the economic exchanges and economic relations are established on a monetary-mercantile basis, it is evident Cuba must adapt, advance, learn, reorganize, and reorient its economic actions."

Rodriguez and Recio review the way prices were determined by the system, without taking work factors into consideration. Recio refers to "the energy problem in European socialist countries, especially the Soviet Union. Oil was squandered; Soviet technology, transportation, and industrial technology squandered energy" because the true value of oil according to international guidelines was not recognized, "and that attitude was transferred" to Cuba.

Recio concludes the talk show saying that "Cuba's greatest challenge in this regard is to use the market, but not to let the market use Cuban society. In other words, the state must maintain its power by abolishing bureaucracy; to avoid trying to centralize everything and adopting all the decisions at the highest level. It, however, must maintain its power to control the market's negative effects. The market can regulate certain things very well, but it can also be an economic disaster—above all, a moral disaster—in other matters. We must therefore approach the market with a certain amount of caution, but we must also undoubtedly give it more freedom of action, and we must work in a more scientific way."

Roundup of Economic Developments

FL0407182794

[Editorial Report] The following is a compilation of reports on economic developments monitored between 28 June and 6 July:

Association Formed With Unilever—Suchel, the Cuban soap and perfume enterprise, and Unilever International, the Anglo-Dutch conglomerate, have established a new international economic association. Suchelever will market and export world-renowned products to third countries. This will improve the revenues of the Cuban enterprise. (Havana Radio Rebelde in Spanish 2300 GMT 28 Jun 94)

Tourism in Holguin—More than 16,500 tourists visited Cubanacan's facilities in Holguin Province in the first five months of 1994. (Havana Radio Rebelde in Spanish 1155 GMT 29 Jun 94)

Spain Donating School Supplies—Young Spanish comunists have organized a campaign to collect donations for Cuba. A ship will leave Puerto Real, Cadiz, in mid-July with a cargo of school supplies for Cuba. (Havana Radio Rebelde in Spanish 1700 GMT 29 Jun 94)

Constrution Ministry Plans Projects—The Construction Ministry will complete biological, medical, and pharmaceutical research facilities in 1994. The projects have been given priority status and include 100 buildings, 60 of them in Havana City. (Havana Radio Rebelde in Spanish 1700 GMT 29 Jun 94)

Havana Milk Production—The gradual recovery of the milk production sector has allowed Havana Province authorities to set a milk production goal of 200,000 liters per day by the end of August. (Havana Radio Rebelde in Spanish 0900 GMT 30 Jun 94)

Argentine Food Donation—The Argentine Federation of Andalusians will donate $26,000 in food and medicine to Andalusians living in Cuba. The donation will be handed over in Havana on 30 June. (Havana Radio Rebelde in Spanish 1155 GMT 30 Jun 94)

Egg Production Figures—Chicken farms delivered more than 106 billion eggs more during the first five months of 1994 than the first five months of 1993. Efficient feeding methods saved 10,100 tonnes of chicken feed. While the number of chickens has dropped, production per chicken rose by 29.48 eggs. Villa Clara Province farmers yielded the most eggs, with 96.18 eggs per chicken. (Havana Radio Rebelde in Spanish 1700 GMT 30 Jun 94)

Sancti Spiritus Province Sugarcane Planted—A total of 662 caballerias of sugarcane have been planted in Sancti Spiritus Province. The province hopes to plant 1,600 caballerias by August. (Havana Radio Reloj in Spanish 1956 GMT 5 Jul 94)

Havana Province Sugarcane Fertilized—Basic Cooperative Production Units (UBPC) have fertilized 2,000 caballerias of sugarcane in Havana Province. This summer's fertilization goal is 3,000 caballerias. (Havana Radio Reloj in Spanish 1934 GMT 4 Jul 94)

Pinar del Rio Province Sugarcane Weeded—A total of 2,650 caballerias of sugarcane have been weeded by hand in Pinar del Rio Province, in the absence of chemicals. The Pablo de la Torriente Brau and 30 de Noviembre sugar complexes—in Bahia Honda and San Cristobal Municipalities, respectively—have yielded the best results with weeding by hand. A total of 47 UBPCs and four Youth Labor Army farms are involved in the province's sugarcane harvesting efforts. (Havana Radio Reloj in Spanish 1945 GMT 5 Jul 94)

Las Tunas Sugarcane Weeded—Over 23,300 caballerias of sugarcane have been weeded chemically and by hand in Las Tunas Province, with the Antonio Guiteras sugarcane complex heading up these efforts. (Havana Radio Reloj in Spanish 1934 GMT 6 Jul 94)

Guantanamo Work Contingent's Harvests—The Segundo Frente Oriental Frank Pais work contingent ranks second nationwide in yam harvests after only two years in operation. The contingent has harvested 450,000 quintales of vegetables in Guantanamo Province and will be awarded a banner for its efforts. (Havana Tele Rebelde and Cuba Vision in Spanish 0000 GMT 5 Jul 94)

Honey Earnings—Cuba has earned $6 million from honey production. The organization of honey producers is trying to provide worker incentives. While producers are bottling more honey, they are having difficulties packing it. However, the outlook for honey production reportedly looks good. (Havana Radio Rebelde in Spanish 1700 GMT 6 Jul 94)

Matanzas Oil Production Up—Matanzas exceeded its oil production goals by two percent during the first semester, with more than 426,000 metric tons of oil having been extracted. The leading company, which has more than 150 wells, has also delivered more than 7 million cubic meters of gas. More cooperation with foreign businesses is reportedly expected. (Havana Radio Rebelde in Spanish 0900 GMT 5 Jul 94)

Nationwide Highway Funding—GRANMA reports that $42 million has been allocated to highway construction and repair on a number of different routes nationwide. (Havana Radio Rebelde in Spanish 1700 GMT 5 Jul 94)

Ciego de Avila Highway Funding—Over 3 million pesos have been invested in Ciego de Avila highway construction and repair, which will benefit a number of cities in the province. (Havana Radio Reloj in Spanish 1400 GMT 7 Jul 94)

New Travel Group—The Grancaribe travel group has been unveiled to the diplomatic corps. Grancaribe will run three- and four-star hotels. (Havana Radio Rebelde in Spanish 2300 GMT 5 Jul 94)

New Banking Hours—Banco Popular's new banking hours are 0830-1730 Havana time. (Havana Radio Rebelde in Spanish 2300 GMT 6 Jul 94)

Argentine Donations for Camaguey—The 5 metric ton donation from Chiao Bloqueo, an Argentine solidarity group, has arrived in Camaguey. This is the largest donation Camaguey has received from any South American country. The donation includes: medicine, corn meal, flour, powdered milk, school supplies, a modern telephone switchboard, electronic equipment, and detergents. (Havana Radio Rebelde in Spanish 1700 GMT 2 Jul 94)

Spanish Aid Arrives in Santiago de Cuba—Expo-Caribe '94 and the Santiago de Cuba "fire festival" coincide with the arrival of 1.3 million metric tons of aid on a flight from Vitoria, Guipuzcoa, Spain, organized by Spain's Politur tour group. (Havana Radio Rebelde in Spanish 2300 GMT 5 Jul 94)

Mexican, Spanish Solidarity Donations—Mexico's VaporCuba solidarity group and a Spanish solidarity group have donated 230 metric tons of industrial lubricants, 5 metric tons of medicine, and school supplies to Cienfuegos Province. Mexican legislators have also donated one-day's pay to the province. (Havana Radio Rebelde in Spanish 0900 GMT 5 Jul 94)

Additional Economic Roundups

PA0507215694

[Editorial report] The following is a compilation of reports on economic developments monitored through 5 July.

The sulphuric acid industrial plant north of Pinar del Rio Province, which had been under repairs for more than 11 years, is operating again. The capital investment in the plant totals 17 million pesos. One of the plant's two sections is operating and will produce more than 32,000 tons of sulfuric acid this year, meaning a savings of $69 per ton, because the product will no longer have to be imported into the country. The acid produced at this plant has begun being taken by sea to the country's consumer, primarily the nickle industry in Cuba's eastern region. (Havana Radio Havana Cuba in Spanish 0000 GMT 29 Jun 94)

Max Vicente, representative of the Guadaloupe prefecture at the Expocaribe 1994 Fair, has said his country will sign contracts for the purchase of 27 tons of lobster and other Cuban products. Another agreement was signed to manufacture in Santiago de Cuba shirts with Guadeloupe raw materials and designs. The Cuban perfume enterprise Suchel introduced its new logo during the commercial fair. Suchel Export Director J.R. Marquez has told PRENSA LATINA his enterprise manufactures several lines of soaps and perfumes in cooperation with foreign companies and is now planning to expand its sales in the Caribbean area. (Havana PRENSA LATINA in Spanish 1627 GMT 2 Jul 94)

Roundup of Criminal Activity

FL0707230794

[Editorial Report] The following is a compilation of reports on criminal activities monitored between 24 June and 6 July.

Clothing Thief Detained—Bisel Morales Barrote is being held pending trial for a series of clothing thefts from cabanas at camping facilities in La Terraza, Puerto Escondido, Havana Province. (Havana Radio Progreso in Spanish 1100 GMT 24 Jun 94)

Goods Confiscated—A "moneybags" has been arrested in Havana City. Authorities "confiscated" the following: one color television, two VCRs, two cassette decks, one video rewinder, two electric irons, one Atari, one portable radio, one camera, one telephone, one fan, three air conditioners, one Walkman with headphones, one vacuum cleaner, $13 in cash, one Lada windshield, one gold ring, one battery charger, one recently constructed two-story house, 56,000 pesos in cash, over 224 nylon bags

from National Institute of Tourism shops, one MZ-250 motorcycle, two Lada rear bumpers, one electric compressor, one rear light for an MZ motorcycle, 10 pounds of powdered milk, three pressure gauges, a fuel pump for a Moscovit car, three new Lada tires, and one Lada. The "moneybags" said he had purchased the goods with tips he had earned while working at a tourist hotel. The investigating team dismissed his explanation. (Havana Radio Progreso in Spanish 1100 GMT 28 Jun 94)

Student Knifed in Bicycle Theft—Marianao Municipality, Havana, was the scene of a "violent crime": Three young students riding bicycles down 51st Avenue were jumped by "well-known antisocial elements" and several people with criminal records. One of the students was knifed and two bicycles where stolen, only one of which has been recovered. The student who was knifed required surgery and is not expected to recover entirely from his wounds. The group responsible was arrested. Investigations reportedly continue. (Havana Radio Progreso in Spanish 1100 GMT 29 Jun 94)

State Attorney Confiscates Goods—A "moneybags" has been caught in Havana with the following: one recorder, one video, one color television, three fans, one video rewinder, one refrigerator, six bags of plastic materials, one differential for a Chevrolet, one electric motor, one car, one battery, one digital clock, one machine used to fabricate plastic, and 5,032 pesos. An audit of the "moneybags"' earnings from 1980 to the present revealed that he did not earn enough to afford such a lifestyle, as the vehicle seized alone was valued at 80,000 pesos. Meanwhile, the state attorney's office has begun the confiscation process on 44 "moneybags" in nine Havana municipalities. A total of 25 of the "moneybags" do not work, nine have jobs, four have self-employment licenses, two are retired, and one is a farmer. (Havana Radio Progreso in Spanish 1100 GMT 30 Jun 94)

Holguin Prosecutor on Decree-Law 149—Pedro Pablo Cutino, provincial prosecutor in Holguin Province, has commented on application of Decree-Law 149 in that province, saying that implementation of the decree-law does not involve a witch hunt but a process that requires an elevated technical level and a careful and detailed investigation to avoid errors. Cutino added that the process targets people who have obtained goods and property illegally and fraudulently. He said that 28 homes, 18 cars, motorcycles, tractors, land, trucks, foreign exchange, household appliances, and agricultural products have been confiscated thus far. (Havana Radio Reloj in Spanish 1400 GMT 4 Jul 94)

Attorney General's Office on 'Moneybags' Cases—Authorities reportedly have been taking different measures against "moneybags" since Decree-Law 149 was implemented. These elements use to work "with impunity." The attorney general's office reports that over 250 cases are currently under investigation. Cars, motorcycles, houses, boats, jewelry, and other products have been confiscated. Most "moneybags" reportedly work alone. (Havana Radio Rebelde in Spanish 1700 GMT 6 Jul 94)

Matanzas Authorities Confiscate Goods—There are currently 24 open cases involving Decree-Law 149 in Matanzas. The following goods have been confiscated thus far: 20 cars; three motorcycles; 69 cows; six houses; and agricultural equipment, such as tractors and rice combines. Authorities have also confiscated large sums of pesos and dollars, as well as household appliances and food. In one case, two individuals reportedly had 44 sacks of rice; in another case, one man had 69 cows. The average age of those under investigation ranges between 25 and 35. Most of them are reportedly unemployed. (Havana Radio Rebelde in Spanish 2300 GMT 4 Jul 94)

Havana Authorities Issue Fines—A total of 109 inspectors have issued 110,300 pesos in fines to 126 Havana City citizens. A Regla Municipality pizza salesman was caught with 220 "units," while a salesman was caught with 50 pairs of shoes and eight boxes of flowers. State inspectors report that the number of these types of salesmen increases every day. (Havana Radio Rebelde in Spanish 2300 GMT 4 Jul 94)

Brazilian Foreign Minister Arrives for Visit

FL0807131094 Havana Radio Progreso Network in Spanish 1100 GMT 8 Jul 94

[Report by Julio Gomez for the "First Thing" program]

[Text] Brazilian Foreign Minister Celso Luis Nunes Amorim arrived in our country a few minutes ago upon an official invitation from the Foreign Ministry. He was met at Jose Marti International Airport by Foreign Minister Roberto Robaina Gonzalez. I will now give you a scoop on the conversation between Robaina [and Amorim] at the Councils of State protocol room in the capital's airport.

[Begin recording] [Robaina] We will talk briefly because we have prepared an extensive agenda so you may have the opportunity to meet with all the country's leaders, the highest-ranking officials in the country and exchange views on economic, political, and social issues, even to watch the soccer match between Brazil and Holland. [laughs]

[Amorim] We will be [words indistinct].

[Robaina] Rest assured we will. Anyway, it is late and we want you to rest briefly so you may carry out the agenda, which begins early. Therefore, I would rather do without all the introductions because I think there is no need to tell you how special your visit is for us and how much satisfaction we feel to welcome you, given the special relations which prevail between Brazil and Cuba. We want these relations to progress with practical steps and I believe your visit and presence....[pauses] we respect it very much in the measure that it occurs at a special moment.

My country remembers with great satisfaction the sessions held in Cartagena de Indias and Brazil's role, particularly your president's role, in connection with what was discussed there. I am sure the reporters want to ask you some questions. I warned them to be brief because you have just arrived. They will see you at the end of your visit, and throughout your visit, so they will be able to ask you questions.

[Amorim] When my mental abilities are better I will be able to answer better. Nevertheless, I want to state that I am delighted to return to Cuba. I was here six or seven years ago when I worked in Brazil's Science and Technology Ministry. On that occasion, I had the opportunity to verify the great progress achieved by Cuba, its scientific and technological expertise, above all, the implementation of this expertise in the social, education, and health sectors. Brazil greatly admires the progress Cuba has achieved, above all in those social areas.

We believe it is very important not only to strengthen bilateral relations in the economic, cultural, technological, scientific, and political sectors but also to maintain a useful dialogue that allows Cuba's admission to the international system. I believe I will have the opportunity to discuss all this with the Cuban leaders. It is an honor for me to be met at the airport by my friend, Foreign Minister Robaina. I believe we will have other opportunities to talk at length during my visit. [end recording]

You now know Brazilian Foreign Minister Celso Luis Nunez Amorim arrived at the Cuban capital a short while ago. He was met at the capital's airport by Foreign Minister Roberto Robaina Gonzalez. This is an important visit to our country.

Likewise, the Brazilian foreign minister brings a letter from Brazilian President Itamar Franco to Commander in Chief Fidel Castro Ruz. This is great news and the "First Thing" program has the scoop.

I will not bid you farewell. I will return in a while to talk about an article that appeared in the Mexican newspaper EXCELSIOR in connection with an alleged military uprising in Guantanamo Province. This is a premature dream by the journalist who published the article, and Cuban Foreign Minister Roberto Robaina answered the questions from the media which had gathered at Jose Marti International Airport.

Merchant Ship's Mate Requests Political Asylum

PY0807025794 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2227 GMT 7 Jul 94

[Text] Rawson, 7 Jul (NA)—Migrations Directorate sources have reported that after disembarking from his ship in Puerto Madryn, a Cuban merchant ship's mate today asked for political asylum in Argentina.

The mate was identified as Pedro Guillermo Ferrer Sanchez, who arrived in our country as a crew member on the freighter "Minas de Frio." The Cuban mate went to the Migrations Directorate offices and formally filed a petition for political asylum. Ferrer Sanchez said he had carefully thought about his decision, but indicated that it had been "necessary and indispensable" to make it.

Ferrer Sanchez criticized Fidel Castro's regime. He reported that his wife and his daughter, who are experiencing "a very tight situation," remain in Cuba.

The mate emphasized that despite the fact that his ship had moored at European and Arab ports, he preferred "to choose Argentina" as a country in which to live. Ferrer Sanchez trusts that the Argentine authorities will approve his petition.

Significance of U.S. Independence Day Examined

FL0807012894 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 7 Jul 94

[From the "NTV" newscast]

[Text] On a day like today, but in 1776, the Continental Congress in Philadelphia adopted the Declaration of Independence of the United States. In this manner, the colonial dependency on Great Britain came to an end. Over two centuries have passed and the people of the United States continue to commemorate that date as Independence Day.

No one questions that, but many ask: Why does the United States give so much historic and moral value to the defense of its soil, while it does not respect the sovereignty of other countries, and interferes in those countries' internal affairs.

[Begin recording] [Unidentified speaker] I believe that independence to the United States is one thing, and for other countries, it is something else. [end recording]

Examples of this type of independence are fresh in the memory of any individual. During this century alone: the invasion of the Dominican Republic in 1965, followed by the invasions of Grenada and Panama. These are a few examples that have created the greatest fears in Latin America.

[Begin recording] [Unidentified speaker] One can see that the policy of my government in Latin America is impossible to justify. That is why we call the public's attention to the illogical policies we have. We believe that when enough people in the United States become aware of the contradictions between what the government says and what it does, they are going to say; come again? What are we doing here? That is our hope. [end recording]

What is independence? This word will achieve complete significance when the United States remembers not only Independence Day, but when the independence of other countries is respected.

PRC Family Minister Meets With Robaina

FL0807021594 Havana Radio Rebelde Network in Spanish 2300 GMT 7 Jul 94

[From the "Exclusive" program]

[Text] In Havana, Peng Peiyun, PRC minister in charge of the state commission for family, stated that the principal objective of my visit is to increase cooperation between Cuba and the PRC in issues relating to women and family planning.

During a meeting with Vilma Espin, president of the Federation of Cuban Women, Peng Peiyun stated that the PRC and Cuba have common objectives prepared for the forthcoming meeting on population and development, which is to take place in Cairo.

Peng met with Cuban specialists from the scientific society for the development of the family, the national center for sexual education, and with authorities from the Public Health Ministry to learn of Cuba's efforts in the field of birth control and family planning. During the morning, Peng met with Foreign Minister Roberto Robaina.

Dutch Lighting Company Enters Tourism Market

94CA0121C Havana GRANMA INTERNATIONAL in English 11 May 94 p 5

[Article by Gabriel Molina]

[Text] The powerful Philips Lighting company joined the initiative of Dutch entrepreneurs by signing a contract making Cubanacan corporation its sole representative in Cuba.

The general manager for international sales, D.R.F. Vollmer, told GRANMA INTERNATIONAL that Philips Lighting has been working in Cuba for two years, for "we believe in the country's present and its future possibilities."

Vollmer added after signing an agreement with Abraham Maciques, Cubanacan's president, "We are advancing in the development of Philips Lighting with our participation in the Cuban market because we feel that the quality of tourism and of our products will be similar. We will establish a distribution system to attend all requests shortly; we will reach all parts of the population that have lighting needs. This does not just mean facilities for importing; our main line is in creative lighting sources, especially for the purpose of electricity conservation. This will be a very positive contribution to the present situation and the future consumption of electricity.

"We are sure that we have signed a contract which will give long-term dividends. We are basing our cooperation on using local industry, which increases the possibility of expanding and developing our supply even more."

He added that efforts were being put into developing strong ties with collaborators, giving them training and documentation where necessary. "We are very pleased with Cubanacan, which we consider to be an illustrative example of Cuban business."

Regarding the role of Dutch firms, he declared, "In the first place, business is business and we must be where it is. We congratulate the Spaniards, who arrived before we did."

He added, "This country is in the process of changing its tourist industry. A good foothold in Cuba will inevitably translate into the same elsewhere in the region. It's only a matter of time."

Vollmer added that collaboration with Cubanacan could extend to other spheres within Philips, since lighting is not its only product, but it has always been in the forefront in terms of geographic expansion. "The others will follow if we show good results. The different divisions of the company, in turn, manufacture products that could be absorbed by the Cuban market."

Asked about the use of solar energy, he said that the tendency in the market is to create products that illuminate more with less expenditure of energy, such as halogen and diode lamps. "Solar energy for the time being is very costly. "I'm pleased to have a strong partner in this field. We have signed an honest and balanced contract," he concluded.

Ecology Tourism Corporation Formed

94CA0121B Havana GRANMA INTERNATIONAL in English 11 May 94 p 7

[Text] "With Cubamar the beach will still be there, but more importantly, tourists will come to love Cuba even more. What we are offering is nature, adventure and reality." This was how Oscar Gonzalez summed up the new Cuban corporation he will be heading when speaking at a recent reception in Havana.

Cubamar's aim is to develop ecological and social tourism, allowing for a deeper insight into Cuba, according to the young director. The new tourism agency already boasts several inviting seaside and countryside facilities, like Aguas Claras in Pinar del Rio and El Abra on Havana's northern coastline. These will be joined by two water sports centers, one located a few kilometers from Varadero Beach, the other on the east coast of Havana.

Currently under construction are Guajimico, soon to be ready for business in Cienfuegos, and Los Cocos, also on Havana's north coast. In addition, Cubamar will manage a number of restaurants providing service along the highways. "Our packages," said Gonzalez, "are wide-ranging and offer qualities that everyone looks for: high quality, beautiful locales and good value."

One of Cubamar's main goals is to provide urgently needed financing for camping facilities for the Cuban

population as well as tourists. In an interview with GRANMA INTERNATIONAL several months ago, Oscar Gonzalez explained that even with the facilities already available to the new corporation, it was impossible to raise the four million dollars needed to cover the costs of camping for the population. As a result, Cubamar is studying the possibility of constructing an additional 250 rooms, depending on the demand for the agency's services.

Impact of Special Period on Media Explained

94CA0121A Havana GRANMA INTERNATIONAL in English 25 May 94 p 12

[Interview with Enrique Roman, head of the Institute of Radio and Television, by Ulises Estrada Lescaille; place and date not given; first five paragraphs are GRANMA INTERNATIONAL introduction]

[Text] Television, with its audiovisual message, allows for an increase of the viewer's knowledge, culture, and the necessary information to live in any society. Radio plays a similar role.

In a society such as Cuba's, even in the midst of the enormous material privations caused by the special period, radio and TV's primary mission is to guarantee to all the population the information required by that society.

Only six percent of the national territory lacks electrification. There are 55 radio stations, one of which broadcasts in nine languages, two national television chains and local TV stations located in the country's principal provinces and the special municipality of the Isle of Youth.

The written press has cut back its circulation, in view of the shortages imposed by the special period. The result of these cutbacks are that GRANMA remains as the only national daily, with a 50-percent reduction in circulation. Weeklies are published in each of the 14 provinces and JUVENTUD REBELDE and TRABAJADORES continue to be published as weeklies.

Enrique Roman, an experienced specialist in media communications who was the editor-in-chief of GRANMA daily for three years and since 1990 heads the Cuban Institute of Radio and Television discussed in an exclusive interview with GRANMA INTERNATIONAL the present situation of the media and its prospects.

The consequences that brought about the disappearance of the USSR and the socialist bloc have a lot to do with what has happened in other areas of the Cuban economy. The U.S. blockade, strengthened by the Torricelli Act, has a direct impact on the development of the media.

The U.S. TV market is close by and that country has an important Hispanic television audience. But we have tried to make several deals with U.S. TV stations which would have been financially beneficial to Cuba, but they have fallen through due to existing legal difficulties.

A well-known example was the broadcast of the Pan American Games. The Bush administration refused to authorize ABC to pay for those broadcasts of the games in Cuba, as it should have and as is international practice. This represented a nine-million dollar deal for us and would have been the largest amount ever paid in the history of the Pan American Games.

What has affected us most during the special period is the drop in our country's electricity generation capacity. The majority of the TV sets that our population owns are heavy consumers of electricity. A popular evening TV program could consume up to ten percent of the power that is being generated at that time. Radio transmitters use more power than TV stations, but radio receivers do not.

This made it inevitable that night time TV viewing be reduced by 40 percent. We decided to keep radio programming at the same levels prior to the special period: 300,000 hours a year.

The considerable reductions in the circulation of the written press made it necessary for radio and TV to take up the slack in order to keep the public informed. This resulted in TV dedicating nearly half of its viewing time to information. Radio also had a proportional increase of its airtime dedicated to news.

Additionally, the special period imposes considerable limitations on transportation and consequently the movement of people and families. Thus people spend more and more time on entertainment and recreation in their own homes, through the medium of radio and television. Before they had different options outside their homes.

Finally, I would consider that one of the most important results was the fact that we had to maintain the national TV production levels we had achieved.

Radio is nearly all nationally produced. It always has been here, as it is in the rest of the world. We had achieved 70 percent national production of TV viewing time. To maintain this was a serious challenge, with difficulties in the supply of technical equipment and the resources to maintain these levels, with only slightly more than 20 percent of the fuel used in 1990 and somewhat over 60 percent of the electrical generation we had available that same year.

We have been able to keep this level of programming and even achieve 80 percent national production through an effort in rationalization, using the resources at hand and a review in production methods.

Like other organizations in the country, we are working to finance our own hard currency expenditures. We have in our corner the tremendous artistic potential that the Revolution has developed in the area of culture. TV also has the resources of artists trained during these years.

Our professional capacity from a technical point of view is as good as our artistic capacity.

We are convinced that radio and TV can, within their means, not only resolve the problems of necessary supplies and equipment, but also become a source of some importance to the economy in terms of hard currency.

The effort that has been made and the results achieved are the basis for entering the Latin American market for the sale of programs and I'm not disregarding other markets either.

The export of our technical services is another important source of hard currency. For example, our production of some sports events, like baseball, is on a par with the country that best produces sports shows in the world, the United States.

We must accept financing our own activities with hard currency as the most current, rational work method and much closer to how TV is produced in the rest of the world.

Antigua and Barbuda

Prime Minister Explains Ombudsman's Role

FL0707130694 Castries HTS Caribvision Television in English 1945 GMT 6 Jul 94

[From the "Caribbean Evening News" program]

[Text] The bill to establish the office of an ombudsman has been passed by the Antigua House of Representatives. The ombudsman is a constitutional requirement, as enshrined in the independence Constitution of 1981. Shawn Nicholas [Antiguan Broadcasting Service correspondent] reports on the aspects of the debate:

[Begin recording] [Nicholas] The debate that has been taking place in the meeting of the House of Representative was on the ombudsman bill. Earlier, leader of the opposition Baldwin Spencer had asked that the office of the ombudsman be fashioned in the context of Antigua and Barbuda.

Prime Minister Bird disagrees and indicated that this institution is nothing new (?since) [words indistinct] years old. Prime Minister Bird pointed out, however, that the ombudsman is neither a judge nor juror.

[Bird] Ombudsman is a commissioner who has the duty of investigation and reporting to Parliament on citizens' campaign against the government. (?He requires) no legal powers. The particular [words indistinct] court, our appeal, which is what you are seeking to establish.

[Nicholas] At the same time, the parliamentary representative for St. Mary South is asking that ministers of government be investigated when the ombudsman is put in place.

[Representative] Why shouldn't ombudsman investigate them? Why not? Why (?not) investigate the permanent secretary or the little boy down the road who carries papers from post office to the office? If we're so (?scared of being carried), don't get investigated.

[Nicholas] The prime minister, however, noted that he is aware that some ministers do waver in their responsibilities and that his government is putting mechanisms in place to evaluate parliamentarians' behavior. He says the ombudsman bill is the first step in the [word indistinct] of good governance.

[Bird] I have some (?secret) news about the prospects that ministers could abuse their position. This is quite possible. [Words indistinct] ombudsman. There is strong opposition to the [word indistinct] concept, and it is only upon the sacred support of (?our ministerial) responsibility. It's been argued that it is fundamental to the Constitution that since ministers are responsible to the Parliament for all that (?is there in their) ministries, and officials [words indistinct] responsibilities, it will be wrong for the ombudsman to pry into the workings of this. The point which must be made, Madame Speaker, is that the ombudsman is just the first of a trilogy of bills which is going to deal with the whole question of the government. We have the Prevention of Corruption Act, which will be coming; the [words indistinct] will be coming. And we have said time and again that we are putting them together, and this is the first step.

[Nicholas] The prime minister says it's the intent of this bill to bring a feeling to the people of this country that their interests have been taken care of. [end recording]

Dominican Republic

Ω Economic Review

94P20958A

[Editorial Report]**Industrialists Surveyed on Pending Reforms**

Industrialists surveyed in March by the Dominican Republic Industrial Association (AIRD) rated the relative importance of pending reforms on the "national agenda," according to the 1 June LISTIN DIARIO. (Sample size or other relevant polling information was not mentioned.) Judicial reform was considered "most pressing" (31 percent), followed by the civil service and administration law (21 percent), tariff reform and tax reform (each 13 percent), education reform (12 percent), monetary and financial sector reform (6 percent), and social security reform (4 percent). The business and even the legal sector's concern with the justice system "is not surprising" given its performance and limited budget, observed Ricardo Valdez, AIRD general secretary.

The survey also showed that 63 percent of respondents thought structural reforms and monetary and fiscal discipline would continue regardless of the candidate elected, 30 percent believed it would depend on who was

elected, and "barely" 7 percent responded that the current economic program would be discontinued after the election. Valdez judged these results to mean that the business sector "clearly understands the importance of maintaining the fiscal and monetary discipline that has contributed to the country's macroeconomic stability in the last few years."

Manufacturing Sector Production Rises

The manufacturing sector grew at a rate of 5.5 percent from January to May 1994, compared to the same period in 1993, announced Arturo Martinez, secretary of industry and commerce. The 6 June LISTIN DIARIO reported that although Martinez claimed growth occurred despite "expectations for a downturn due to the election campaign," he conceded that the "electoral controversy" (unresolved vote fraud charges stemming from the presidential election in May) has affected the "pace" of growth. Regarding new industrial prospects, Martinez pledged that his secretariat would approve 18 pending applications to start up or expand plants in Dominican free trade zones "because we have eliminated the bureaucratic steps delaying those applications.

Andres Dauhajre, president of the National Businessmen's Union, in the 14 June LISTIN DIARIO, agreed that economic activity rose in the first quarter of 1994, but stressed that inflation and interest rates also increased. He contended that since late April and following the disputed presidential election in May the economy has been experiencing a "slowdown," in which "everyone is anxious for things to turn out right and return to normal." The only recommendation Dauhajre offered in this report is for the government to eliminate the selective consumption tax on automobiles.

Taiwan To Aid Dominican Businesses

After a visit to Taiwan from 7 to 12 June, Arturo Martinez, secretary of industry and commerce, announced that Taiwan has agreed to provide technical and financial support to improve the competitiveness of small and medium Dominican businesses. According to an official press release in the 14 June EL CARIBE, Martinez noted that Taiwan agreed to send a team of five technical specialists five or six times a year for the next two years to serve as advisers to Dominican industries such as textiles, plastics, shoes, furniture, and fruit and vegetable processing. Although the terms of the financial support were not mentioned, the release did state that both countries hope to "increase technical and financial cooperation so that the [Dominican Republic's] productive sectors can reduce the deficit over the next 10 years." Dominican President Joaquin Balaguer is "very interested in accelerating the process of change" in the industrial sector, according to Martinez, who cited the Dominican Republic's widening trade deficit with Taiwan—$71 million in 1993—up from $49 million in 1990, and $25 million in 1980.

IDB Approves Agricultural Loan

The Inter-American Development Bank (IDB) has approved a $48 million "soft loan" (easy repayment terms) for an agricultural program in the province of San Juan de Maguana and surrounding areas. The 3 June EL NACIONAL reported that the program will emphasize irrigation and waterworks infrastructure, agricultural technology transfer, and resource conservation and reclamation. Another goal is to strengthen local producer and peasant organizations, as well as the responsible Dominican organization, the National Institute of Water Resources (INDRHI). Under terms of the agreement signed by IDB President Enrique Iglesias and INDRHI Executive Director Augusto Rodriquez, repayment will be made within 40 years at one percent interest, but an additional 10-year grace period is provided at 2 percent interest.

Haiti

Regime Blames Washington 'Assassins' for Shipwreck

FL0707230694 Port-au-Prince Signal FM Radio in French 1030 GMT 7 Jul 94

[Text] The provisional government of the Republic, deeply saddened by the tragic deaths by drowning of over 150 Haitian boat people this week, says those who corroborate in the initiative to depart by sea are assassins.

The Jonassaint government says it cannot conceal its dismay at this tragedy and repeats its call to Haitian citizens to remain in the country, promising to end the crisis as soon as possible and to find a way to peace and well-being. The provisional government nonetheless criticizes those in and out of the country who betray the good faith and watchfulness of the Haitian people by deliberately inducing their sons to travel aboard frail boats, only to sink them afterwards on the high seas or to drag them around from base to base like hunted animals. It is time for the nation to wake up, the government communique states. Since this tragedy, [words indistinct] the people have clearly realized who their true assassins are—those who sponsor shipwrecks and cynically plan military intervention from the comfort of Washington. The provisional government concludes its note by offering condolences to the parents of the shipwreck victims.

Foreign Ministry Asks UN/OAS Mission To Stop Activities

FL0707235494 Port-au-Prince Radio Metropole in French 1045 GMT 7 Jul 94

[Text] As of yesterday [6 July], the international civilian mission in Haiti officially suspended its activities. The UN/OAS international mission announced that it was obliged to discontinue its activities to avoid an incident or provocation.

The Haitian Ministry of Foreign Affairs had in fact advised the mission that its presence in Haiti was illegal and that the mission was operating under conditions that were undefined and irregular. The Ministry therefore asked the mission to halt all activities throughout the territory of the Republic of Haiti.

In announcing its temporary suspension of activities, the civilian mission indicated in a press release that consultations were going on right now in the UN and the OAS regarding the matter. The mission nonetheless made the following final assessment of its work since its return to Haiti last January:

A total of 1,350 visitors were received between 31 January and 31 May, and 1,143 for June 1994 alone. The mission also specifies in its latest report that over the past five years, the mission received information regarding 140 cases of extrajudicial executions and suspicious deaths in the country, 131 cases of abduction and forced disappearance, and several hundred illegal arrests and arbitrary detentions followed by ill treatment. Moreover, the mission considers the human rights situation alarming in the country where it notices tremendous, continuous pressure on grassroots organizations. The mission blames Army members, their agents, and FRAPH [Armed Revolutionary Front of the Haitian People] members for the human rights violations in Haiti.

It should be added that in a letter to the civilian mission on 5 July, the Ministry of Foreign Affairs stated that it had noticed that the mission's mandate had expired and that it had not been renewed. The Ministry of Foreign Affairs explains that it had been informed by concerned Haitian authorities that the international agreement establishing the terms of reference of this mission had never been ratified by the Haitian parliament nor published in the official newspaper, LE MONITEUR.

The Ministry also advises that it has been aware of a Senate resolution dated 26 January 1994, expressing its disagreement with deployment of another civilian mission on national territory. The Ministry advised the civilian mission that it was in a de facto situation on Haitian territory and operating under some undefined, irregular conditions. In this letter to the mission on 5 July, the Ministry of Foreign Affairs pointed out that it had decided to refer it to the relevant international and national institutions for all legal needs it may have, and meanwhile asks members of the civilian mission to defer all activities on the territory of the Republic of Haiti.

Jamaica

Radio Reports U.S. 'Suspension' of Refugees on Ship

FL0707143294 Kingston RJR Network in English 1200 GMT 7 Jul 94

[Text] About (?600) Haitians are awaiting to be processed aboard the vessel the Comfort. Sources of the crew aboard the ship have said this, according to the chief petty officer (?group Clementaz), who said at our newsroom yesterday other Haitian boat refugees could be sent to safe havens or repatriated to Haiti. No reason has been given for the suspension of the refugees on the Comfort.

End of Processing Refugees Confirmed

FL0707213394 Kingston JBC Network in English 1700 GMT 7 Jul 94

[Excerpt] The United States is prepared to move as many as 500 Haitian refugees to safe haven in Panama tomorrow, for the first time under President Clinton's Haiti policy. Today, Immigration Commissioner Doris Somoza told reporters that the Defense Department was prepared to take the Haitians from the U.S. military base in Guantanamo Bay, Cuba, where they had been brought after being picked up at sea. Meanwhile this morning, JBC got official confirmation that processing of Haitian refugees in Jamaica's territorial waters has stopped. [passage omitted]

Indian Groups Clash in Chiapas; Official Kidnapped

PA0707154694 Mexico City Radio ACIR Network in Spanish 0000 GMT 7 Jul 94

[From the "ACIR Radio News" newscast]

[Text] There are many problems in Chiapas State. On Wednesday, clashes took place precisely on the outskirts of San Cristobal de las Casas. Approximately 1,000 Indians from San Juan Chamula, who have been ousted from that community, participated in these clashes. The group kidnapped Domingo Lopez Ruiz, president of San Juan Chamula Municipality. Acting Governor Javier Lopez Moreno termed the situation in Chiapas delicate.

At least one person was wounded during a shootout between Indians from San Juan Chamula Municipality. A group of approximately 1,000 Indians arrived in San Cristobal de las Casas to talk to leaders of groups ousted for religious reasons. Yesterday, these people kidnapped Domingo Lopez Ruiz, president of San Juan Chamula Municipality. The Indians were met with gunfire; one Andres Perez was wounded. He was immediately transferred to the [words indistinct] health clinic in San Cristobal de las Casas. It has not been ruled out that other people may have been wounded. The people who initiated the attack are armed with AK-47 assault rifles and AR-15 rifles.

Governor Javier Lopez Moreno, who this morning was presiding over an event in the Chiapas capital, immediately left that ceremony, terming the situation delicate.

Hostages Exchanged; Mayor Released

PA0707175594 Mexico City Radio ACIR Network in Spanish 0000 GMT 7 Jul 94

[From the "ACIR Radio News" newscast]

[Text] A few minutes ago, the exchange of hostages took place between the residents of San Juan Chamula who were ousted and those who still live in San Juan Chamula. During a shootout this morning, one person died and approximately 10 were seriously wounded. Here is a report by Maricarmen Castro:

[Castro] Approximately one hour ago, Domingo Lopez Ruiz, San Juan Chamula mayor, was released after an agreement was reached between the two group of Indians from Los Altos and state government representatives. Also released this afternoon were three people who had been detained for belonging to the groups ousted for religious reasons. As we reported at the time, the conflict between these groups of Indians from Los Altos area resulted in clashes where one person was killed and two wounded.

It was officially reported that the person who died in the incident is the brother of the Chamula mayor. We should say that the ousted Indians who initiated the attack were armed with AK-47 assault rifles and AR-15 rifles. The death of one person is not official, although this is what is being spread given the justice prosecutor's total silence on what, in effect, did occur there. It is said that the body of the brother of San Juan Chamula's mayor was found shot at the site where the incidents occurred, on the outskirts of San Cristobal de las Casas. It is not known what really happened, only that he is at a health clinic. As yet there is no confirmation that he did in fact die, although this is what is being said.

[Announcer] The situation is under control. But calm has been restored?

[Castro] According to what the mayor reported, the situation in San Juan Chamula most certainly is not calm. There is concern among government officials. Today, the governor voiced his concern in light of the incidents, although these are isolated cases removed from the clashes with the Zapatist National Liberation Army. This incident involves two groups that have been struggling for a long time precisely because they are not Catholic.

Governor Responds; Cattle Sales Fund Weapons

PA0707145794 Mexico City Radio ACIR Network in Spanish 0000 GMT 7 Jul 94

[From the "ACIR Radio News" newscast]

[Text] Chiapas Governor Javier Lopez Moreno has expressed concern over the clashes yesterday in Chiapas, particularly in San Juan Chamula, as this does not help the reconciliation process at all.

Jesus Gonzalez Gortaza, leader of the Confederation of Small Rural Property Owners, charged that weapons are being purchased with funds obtained from selling cattle stolen from Chiapas cattle ranchers.

[Begin Gonzalez recording] According to first-hand reports from cowboys who have fled the area, neighbors, and friends, we know cattle are being openly stolen. What is more, they are purchasing weapons with proceeds from the sale of the cattle. What I demand, as representative of small property owners, is that the law prevail. Obviously, this means evicting people from land that has been occupied. [end recording]

Officials Study Results of Chiapas Programs

PA0707134794 Mexico City XEW Television Network in Spanish 0430 GMT 5 Jul 94

[From the "24 Hours" newscast]

[Text] Some 10 under secretaries of state, the governor of Chiapas, the peace and reconciliation commissioner, and the executive nonvoting member [vocal ejecutivo] for the peace agreements in Chiapas met on 4 July in Tuxtla Gutierrez to study the achievements of the programs implemented in Chiapas within the framework of the peace agreements signed by the government to solve the problems in Chiapas.

Deputy Claims European, U.S. Groups Fund EZLN

PA0707133994 Madrid EFE in Spanish 1811 GMT 6 Jul 94

[Text] Mexico City, 6 Jul (EFE)—Ramon Mota, president of the Chamber of Deputies Defense Commission, has said that European and U.S. Catholic and civilian groups are funding the Zapatist National Liberation Army (EZLN), which has taken up arms in southern Chiapas State. In an interview with EL DIA newspaper, Mota emphasized that European Catholic groups and U.S. civic organizations are sending funds to the rebels through the bishop of San Cristobal de las Casas, Samuel Ruiz, who is a mediator in the armed conflict.

According to Mota, these groups want "to see the country on its knees" and to create "confusion, lack of trust, discouragement, uncertainty, and instability" in Mexico. He added that the National Defense and Foreign Relations Secretariats are aware of the exact amount of money the rebels have, but this is secret information that cannot be disclosed to the media.

The deputy also said the "conspiracy" against Mexico has focused on attempts against and slander of the Mexican Army and Air Force, adding that the objectives of the attempts to slander the armed forces by spreading rumors on bombardments to civilian communities, summary executions, human rights violations, and rapes of Indian women are designed to "make the Mexican people lose trust in the Army."

Mota told the newspaper that "there is widespread feeling in the Army that there are enemies in the country and abroad—enemies who are interested in triggering confusion and lack of trust, and in discouraging the efforts that all Mexicans are making to ensure that Mexico will achieve higher levels of development."

The EZLN took up arms on 1 January to fight the abject poverty in which 1 million Chiapas Indians live. During the first 12 days of the uprising, the EZLN clashed heavily with the Armed Forces, leaving at least 250 casualties on both sides.

Salinas: Banks Must Support Small Enterprises

PA0707130894 Mexico City XEW Television Network in Spanish 0430 GMT 5 Jul 94

[From the "24 Hours" newscast]

[Text] President Carlos Salinas de Gortari has said that in order for Mexico to become more competitive, new rules for commerce and investment, as well as trade agreements with other countries, will not be enough if developing banks do not efficiently support the small and medium-size enterprises.

[Begin Salinas recording] At the end of the present administration, a total of half a million mini-, small, and medium-size enterprises will have been helped throughout the country. This is the scope and the importance of the deep changes in the way NAFIN [National Finance Bank] operates. [end recording]

In commemorating NAFIN's 60th anniversary, Salinas said now, NAFIN must allow enterprises access to the exchange market for better and healthier development. Finance Secretary Pedro Aspe also commented on the matter.

[Begin Aspe recording] NAFIN's current challenge is to support small enterprises so that they can access capital markets and find investment partners, not just creditors. With fresh capital, these enterprises can make the investments that circumstances demand. [end recording]

Finally, NAFIN Director Arturo Ortiz Hidalgo reported that this year resources will be channelled to over 160,000 enterprises, particularly in states that are less developed economically. The ceremony was held at Los Pinos Presidential Palace.

El Salvador

Demobilized Soldiers Enter Assembly Grounds

PA0707234394 San Salvador Radio Cadena YSU in Spanish 1800 GMT 7 Jul 94

[Report by Douglas Mejia from the "YSU Radio News" newscast]

[Text] Serious incidents at the Legislative Assembly have been provoked by demobilized Armed Forces members who, until a short time ago, had been in front of the assembly and now they have entered a section of the assembly premises.

National Police members have been dispatched to areas near the assembly. On the flat roof, the demobilized Armed Forces members have started to burn (?ladders) and furniture. From where I am, I can see that police have surrounded the building. The demobilized soldiers are very angry over the situation. As I said earlier, they have even started to burn administrative materials.

It had been reported earlier that Congress would receive a delegation of six demobilized Armed Forces members to talk about the indemnification they are demanding. For unknown reasons, the delegation members failed to meet with Congress officials and failed to reach an agreement. As I said earlier, the demobilized are on top of the building and angry about the presence of National Police members. For the time being, no solution is in sight because the six-member delegation has not met with Congress officials.

Earlier, Congress President Gloria Salguero had told them that the compensation would be paid to demobilized soldiers tomorrow. One of the former Armed Forces members reports that the Defense Ministry issued promisory notes for [words indistinct] colones on 16 May. These notes, however, could not be cashed. In turn, they have not yet collected their money. Congress President Salguero said the compensations would be paid on Friday. Meanwhile, the situation at the Congress has become hotter.

Police Deploy 500 Intelligence Officers

PA0707175394 San Salvador LA PRENSA GRAFICA in Spanish 4 Jul 94 p 6

[Text] Approximately 500 National Police (PN) intelligence agents have been discharged in compliance with the demobilization and purge process, PN Deputy Director Colonel Rolando Brizuela has announced.

The demobilized policemen are members of the Intelligence Department which, despite the reductions, will be maintained, Brizuela asserted. On Friday, Brizuela assumed duties as PN deputy director, fulfilling the process of changes announced by the government.

These changes were prompted because of the accusation against the PN chief intelligence officer, who was reportedly involved in the spectacular holdup of an armored vehicle in downtown San Salvador that left five dead and several injured.

ARENA [Nationalist Republican Alliance] Deputy Dr. Julio Gamero told LA PRENSA GRAFICA that the officers' discharge is part of the peace accords. He added that 300 officers are discharged regularly every month and an additional 200 PN Investigations Department agents will be discharged, so that the PNC [National Civilian Police] can assume that responsibility.

Meanwhile, Brizuela expressed his disgust at the police's involvement in a criminal action given the accusation against Lieutenant Rafael Coreas Orellana. Lt. Coreas was charged with directing the holdup in which 2 million colones were reportedly stolen. In addition to Lt. Coreas, four other people have been arrested in connection with this incident. "I do not see how an entire institution can be implicated in an incident because of the possible participation" of one of its officers, Brizuela stated.

Last week, President Armando Calderon Sol said the police demobilization would be advanced to December instead of next March in compliance with the 1992 accords that ended the 12-year armed conflict that caused over 70,000 deaths. In addition, Calderon Sol explained that the police, which will be replaced by the new PNC, will be investigated.

Authorities ordered the provisional arrest of three people implicated in the holdup, while police presented two other suspects who were found in possession of an M-16 rifle used to commit the crime. The weapon had been assigned to an Air Force captain whose name was not revealed. Other sources said that more than 200 intelligence agents will be submitted to intense evaluation to determine whether they will remain in the PN.

Guatemala

Authorities Grant Temporary Refuge to Mexican Peasants From Chiapas

PA0707145594 Mexico City NOTIMEX in Spanish 2238 GMT 5 Jul 94

[Text] Guatemala City, 5 Jul (NOTIMEX)—The Guatemalan Government today granted "temporary refuge" to 59 Mexican peasants who entered territory of this country on 27 June to escape the armed conflict in Chiapas, it was reported today.

Mauricio Rodriguez Weber, director of the Special Commission for Assistance to Repatriates (CEAR), said that negotiations with Mexican authorities for the return of the Chiapas Indians are under way.

On 27 June CEAR officials detected on Guatemalan territory a group of peasants who came from San Jose La

Revancha, Las Margaritas Municipality (southern Mexican State of Chiapas). The peasants, who entered through the western Guatemalan Department of Huehuetenango, were in El Quetzal, few meters from the Mexican border.

President Ramiro De Leon asked Guatemalan Army doctors to treat the Chiapas peasants and asked CEAR to offer all assistance to these peasants who were displaced by the 1 January armed conflict in Chiapas.

The peasants told Guatemalan authorities that they had to leave their communities because the Zapatist National Liberation Army (EZLN) was pressuring them to participate in the armed conflict.

CEAR's director reported that officials from the UN Office of the High Commissioner for Refugees (UNHCR) are negotiating with authorities from the Mexican Commission for Aid to Refugees on a mechanism for the peasants' voluntary repatriation.

Rodriguez Weber said that Mexican Government officials will visit Guatemala in the next few days to study the Indians' situation.

The Guatemalan official added that the peasants made their journey in precarious conditions because they had not eaten for several days and the children got sick.

He estimates that between 800 and 1,000 peasants might have also crossed the border to escape the conflict. CEAR officials are now touring the border area to find them and offer assistance.

On 23 January, 28 peasants entered Guatemalan territory but returned to Mexico 12 days later after learning that the situation in Chiapas had improved.

Roundup of Guerrilla Activities

PA0707143194

[Editorial Report] The following is a compilation of reports on guerrilla activities monitored through 6 July.

Colonel Francisco Marin Golin, commander of Military Zone 13-16, has reported that troops stationed in Suchitepequez found an arms cache left behind by the Unitary Southern Front (FUS), an advance column of the Guatemalan National Revolutionary Unity (URNG), in La Ceiba estate in Patulul. The cache consisted of 22 AK-47 rifles, two rocket launchers, six Claymore mines, eight anti-personnel mines, six uniforms, 6,000 AK-47 rounds of ammunition, five ammunition clips, and several hundred rounds of various calibers. Col. Marin reports that each of the Rebel Armed Forces (FAR) member organizations contributed 30 of its best men to make up the FUS. From a report provided by Peasant People's Resistance, the Army obtained the names of the FUS column heads: Tuyuc Velasquez, of EGP (Poor People's Guerrilla Army); Jaime Aurelio Tum Luch, a.k.a. Hernan; Miguel Angel Lobos Perez, a.k.a. Oliverio, of ORPA's (Revolutionary Organization of the People in Arms) Javier Tambriz column, and Lieutenant Mario of FAR. (Guatemala City SIGLO VEINTIUNO in Spanish 23 Jun 94 p 6)

The police report that two URNG flier bombs were detonated in Totonicapan on 26 June, one 500 meters away from a military detachment and the other near the municipal market. No casualties were reported. The fliers demand that the Army stop shooting and that the recently created Truth Commission be reviewed. (Guatemala City PRENSA LIBRE in Spanish 26 Jun 94 p 15)

Firemen report that two students were injured on 29 June in a bomb explosion at the public school La Carolingia in Mixco Municipality, in the southern sector of Guatemala City. The day before, unidentified individuals detonated three powerful dynamite charges at the base of the Ciudad San Cristobal bridge, Villa Nueva Municipality, injuring three people. The same day, an explosive charge was detonated inside a home, seriously injuring a woman. (Mexico City NOTIMEX in Spanish 29 Jun 94)

Honduras

Foreign Minister: 'In No Position' To Take Haitians

PA0807001694 Panama City ACAN in Spanish 2219 GMT 7 Jul 94

[Text] Tegucigalpa, 7 Jul (ACAN-EFE)—Honduran Foreign Minister Ernesto Paz Aguilar announced today that the Haitians who are fleeing the political situation in their country want "to live the American dream" and that this is why they want to enter the United States. Paz Aguilar reiterated that Honduras will not receive Haitian refugees, because the country is in no position to do so.

He added that in the recent meeting held in Washington with deposed Haitian President Jean-Bertrand Aristide, he advised him about Honduras' position on the topic of the breakup of the democratic system in the Caribbean nation and that Honduras cannot receive refugees.

The diplomat said that, in the 1980's, Honduras lived a "painful experience" when it received thousands of Central Americans who were fleeing from the civil war in Guatemala, Nicaragua, and El Salvador.

One of the effects of the installation of refugee camps in this country was the "depredation" of hundreds of hectares of forests, which is why the foreign minister maintains that "we have immense problems and cannot take on another burden."

The foreign minister recalled that in 1991, Honduras received 250 Haitian refugees, of whom 26 remain in the Bonito Oriental camp in the country's northeastern region. The refugees have caused many problems in the camp and their dream is to travel to the United States or Canada, Paz Aguilar noted.

Minister Urges Replacing FSP With Civilian Force

PA0707175194 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 1 Jul 94 p 11

[Report by Jesus Octavio Carvajal]

[Text] Tegucigalpa—Government and Justice Minister Efrain Moncada Silva is preparing a bill whereby the Public Security Force [FSP] will be replaced by a civilian police force that will be a branch of the Government and Justice Ministry instead of the Honduran Armed Forces.

Information received by EL PERIODICO from very reliable sources reveals that the bill, which Moncada Silva has been working on for several months, has been kept secret.

Our sources said the government minister swore not to divulge any information regarding the bill until it is sent to the National Congress for consideration and approval, thus avoiding friction with the military hierarchy.

CONSTITUTIONAL REFORM FOR NATIONAL POLICE

It has been disclosed that the military is aware of Moncada Silva's plans and agrees with them.

In December 1993, PINU-SD [Social Democratic Innovation and Unity Party] Deputy Carlos Sosa Coello sent a constitutional reform bill providing for the creation of a National Police to Congress. In his bill, Sosa Coello says Article 245, Clause 35 of Chapter VI of the Constitution assigns to the executive branch the creation, maintenance, and suppression of public services and the adoption of necessary measures for their proper operation.

Police services, the bill adds, are a public service and by no means a task for the Armed Forces, whose duties must be in keeping with the doctrine and letter of the Constitution.

The bill underscores that among the FSP's tasks are the protection of people and property and the execution of resolutions, mandates and arrangements established by competent authorities, which are not defined in Article 272 of the Constitution as "Armed Forces institutional duties."

POLICE SHOULD BE PART OF THE EXECUTIVE BRANCH

"If police protection is not a public service, it should directly become a formative and administrative part of the Executive Branch," said Sosa Coello in his bill.

In view of these assertions, the deputy said that it is almost a universal practice not to have police services rendered by the Armed Forces because the professional training of policemen is quite different to that of the Army troops.

He added that the morality of both institutions and their relations with the general public have been seriously affected by the similarity of the civic duties of soldiers and police.

The bill points out that the appropriate thing to do is make police services for the general public a part of the Government and Justice Ministry and also a part of the FSP.

He emphasized that the FSP requires an adequate budget, technological advances, professional training, job stability, and security for its members, which will not be possible as long as the police are part of the Armed Forces.

"Neither the international community nor public opinion would approve of increased military spending, but they would surely approve of our financially bolstering a public service like the national police, which has an enormous impact," he said.

Sosa Coello said at the time that his proposal could not be "fairer. If Congress approves the constitutional reform, it should make state police bodies branches of the Office of the Attorney General and the Government and Justice Ministry."

In his first whereas [considerando], Sosa Coello said that "police service, due to special circumstances in the past, had been rendered" by the Armed Forces.

Sosa Coello sent his constitutional reform bill to the government minister to "partially guarantee" the secret bill that Moncada Silva is preparing to replace the Public Security Force by a civilian police.

Moncada Silva received a copy of this document last Wednesday, according to information received by EL PERIODICO. We attempted to reach him yesterday but he was not in his office, which is where he has been working on the bill to replace the FSP with a civilian police force.

Panama

Demonstrators Protest Over Haitian Refugees

PA0707192394 Panama City Telemetro Television Network in Spanish 1730 GMT 7 Jul 94

[From the "Telemetro Reports" newscast; passage in quotation marks recorded]

[Text] The possible arrival of the Haitians refugees continues to be the talk of the town. There have been various reactions to this issue, particularly today when there were street demonstrations. Mirna Ortega and our mobile unit are in an area in Panama City where a protest is taking place. She will report on the details. Go ahead Mirna.

[Begin Mirna Ortega live relay; video shows group outside Foreign Ministry chanting "Haitians, no"] The

possible arrival of a group of Haitians, as announced by the government of Guillermo Endara, has created serious differences among various political and economic groups. Right now, a group of demonstrators is standing in front of the Foreign Ministry saying a big no to having these Haitians in Panama. Other groups staged similar protest demonstrations during the morning. Here is a report. [end relay]

There has been almost complete rejection. Panamanians are not willing to accept the thousands of Haitians who might arrive within the next few days. Differences of opinion have intensified since the government announced it would accept the refugees.

[Unidentified university student] "I am not against the Haitians, but it is simply that our country is underdeveloped. There are many people in Panama, and we cannot let 10,000 Haitians in. I am not against the Haitians themselves. But we do not have jobs for Panamanians, much less for Haitians." The president's decision took the country by surprise. Many feel that this was an irresponsible action. That is the way the relatives of those who fell on the 20th [December 1989] feel. They pointed out that racism is not a factor in their rejections, but Panama should not assume this responsibility.

[Isabel Corro, president of the Association of Relatives of Invasion Casualties] "We believe in respecting the human rights of all people. But we believe much more that each nation must be responsible for its own actions. We are specifically referring to the United States, who wants to be the world's policeman. The United States must assume its own role."

Isabel Corro said that Endara was never moved by the victims of the invasion, and therefore it is inexplicable that he is now worried over the Haitian case. She said some sources told her that some Haitians had already arrived at Fort Sherman, even before President Endara made the announcement. Various political parties have also said a flat no to the Haitian contingent.

[Civic Renewal Party representative Sandra Escorcia] "The measure adopted by President Endara and tacitly endorsed by Perez Balladares is nothing but a political move to save face for the United States in its ill-advised foreign policy with the Haitian dictatorship and over which we Panamanians have no control, and much less, any responsibility."

[Begin Ortega live relay] We have now seen the various reactions to President Endara's decision to accept a contingent of over 10,000 refugees in Panama. In addition, the crowd continues at this moment to demonstrate in front of the Foreign Ministry. They are carrying various posters expressing rejection of the measure.

We can also report unofficially that it has been announced that these Haitians will probably not be taken to San Jose Island, as had been announced. They will probably be taken to a military base. We now see people demonstrating in front of the Foreign Ministry. They have joined efforts so the Foreign Ministry will know that they reject the possible arrival of these refugees in Panama. Nonetheless, the United Nations, the United States, and Panama are still holding talks to this effect. Back to our studios on 50th Street. [end relay]

Endara Withdraws Offer To Accept Refugees

PA0707210194 Panama City Radio and Television Networks in Spanish 1955 GMT 7 Jul 94

[Statement by President Guillermo Endara from the Yellow Room of the Palace of Herons in Panama City—live]

[Text] In the wake of the formal request the United Nations sent to us through the UN High Commissioner for Refugees [UNHCR] by way of a note dated 4 July 1994, and in response to clear moral principles and feelings of international solidarity, my government began to consider the establishment in Panama of a safe haven or camp for Haitian political refugees as a result of the tragedy afflicting this sister nation in the Caribbean as a result of the great political crisis there.

Given the great national expectation and the speculation and apprehension this issue has generated in all sectors of national life, I wish to inform the public about the facts surrounding the process of talks on this complex issue.

On the afternoon of Saturday, 2 July, following a conversation with the UNHCR representative on Friday, 1 July, and in the company of Foreign Minister Jose Raul Mulino, Government and Justice Minister Jacobo Salas, and Agricultural Development Minister Cesar Pereira Burgos, I received U.S. Charge d'Affaires Oliver Garza at the Presidency. I wanted to hear a detailed report on the Haitian problem and to explore the possibility of cooperating with the United Nations in this humanitarian request as presented in the note in question.

Basically, the meeting was held amid great openness. We were clear in expressing that my government could agree, as long as it involved negotiations and an agreement with the United Nations within the framework of the rules and regulations that guide our participation in that organization and was based on the possibility of using U.S. defense sites in the Canal Zone in accordance with the 1977 Canal Treaty.

We decided to meet the following day, and we did so, after President Bill Clinton telephoned me Saturday night to explain additional details about this matter and to tell me about the personal envoy he was to send the next day to meet with me on Sunday.

On the evening of Sunday, 3 July, we—the three ministers I mentioned earlier and I myself—received the top-level U.S. delegation and discussed the matter in question. When presenting their explanation, they suggested the use of defense sites for such purposes.

To this we said no, in accordance with our duty and responsibility to respect the Canal treaties. In my well-founded opinion, and adhering to a principle that has been tradition from the beginning of the century, I said we would never use those installations for purposes other than those established in the Canal treaties.

Furthermore—and I reiterate, this was the agreement—all negotiations would be conducted with the United Nations and would be guaranteed by the United States of America. It had to be done this way, in my opinion, because the issue is being discussed at that organization, the United Nations, and also to preserve the integrity of the Canal agreements.

At the meeting, we agreed that in addition to what I have already explained, the United Nations, with the guarantee of the U.S. Government, would pay all expenses for this operation; for the repatriation of all Haitians within the agreed upon period, medical care for the refugees, the total security of the camp, and the contracting of goods and services in the Republic of Panama for the operation.

My government initially offered one of the islands in Las Perlas archipelago after conducting an inspection based strictly on a criterion of temporariness. We also offered, in compliance with the UN message, a U.S. military base in the Canal area, mutually agreed upon in favor of the United Nations and under its custody, for use until the chosen island was equipped. That was the basic agreement, and we specified that a maximum of 10,000 Haitian citizens could remain in Panama for a maximum of one year. Only after the written agreement was signed could we begin the operation.

On the morning of 4 July, I contacted Mr. Jose Luis Sosa, the president-elect's personal representative, to inform him of the initial decision. Because of its importance, Sosa asked me to talk to the president-elect, who was in Hong Kong, which I did immediately that morning. President-elect Dr. Perez Balladares expressed his understanding and support, asking me to clearly establish the duration of the agreement and the maximum number of Haitians we would receive, which had already been established.

On that same day, Monday, I invited the owners of the print and broadcast media to a meeting to tell them of this decision and to ask them to give objective news coverage to prevent wide-scale disinformation on a topic in which my government had engaged in every effort to protect and fully guarantee national security and public health.

On that same day, Monday, I met with the Bishops' Conference with the same purpose in mind, given the great recognition I have for its members and the moral authority they have. Nevertheless, on that night of 4 July, representatives from my government... [pauses] representatives from the government-elect told me that they had a communique from the president-elect on this issue and that they would make it public, which indeed they did. That communique differed from our position only in the fact which, according to them, U.S. military bases should be the site for housing the refugees and that U.S. Army should be responsible for security.

I had a personal telephone conversation with Vice President-elect Altamirano Duque and with Dr. Romulo Escobar Bethancourt, who told me that, according to them, the Canal Treaties do not prohibit the use of military bases for these purposes. Once again, I voiced my concerns to this effect, telling them... [pauses] telling them I would not authorize the use of the bases for purposes other than those specified in the treaties.

I respect those treaties, even though I did not write them and even though I voted against them. Nevertheless, I respect them. The precedent that some want to establish of placing the Haitians there is a nefarious precedent. In the following days, discrepancies on the issue became public, while my government maintained the same above-mentioned position.

On Tuesday, Charge d'Affaires Garza talked with Foreign Minister Mulino to authorize... [pauses] to request authorization for beginning the construction of the camp on a military base. Foreign Minister Mulino told him that he was still waiting for the plan from the United Nations, and that construction could only begin once the detailed agreements were signed. On the afternoon of Wednesday, 6 July, while the Cabinet was meeting, they forwarded a plan calling for the beginning of construction. But this was not the agreement that had been agreed to in principle. And it was not going to be signed by the United Nations but with the United States, under the auspices of that organization. In addition, we feel that this would change the Canal Treaties and was thus unacceptable. My government did not accept that document.

On the evening of Wednesday, 6 July, Ministers Mulino, Pereira, and Salas met with U.S. representatives and a member of the National Security Council of that country, a man by the name of Peters.

Once again, they informed him about our initial position, which was unwavering. We met at my residence here in the Presidency well into the night, and I was informed the U.S. Government was astonished at my government's change of position. We clearly responded that our position remained unchanged. We reiterated our position that the agreement should be made with the United Nations and that it could not include conditions not covered in the 1977 Canal Treaties.

In light of the national reality and the problems in understanding which emerged, I have preferred to withdraw my offer, reiterating that it was always inspired by humanitarian reasons of great solidarity with the Haitian people. I lament what has happened with the U.S. Government, but we are not to blame for the results of these talks. I am sure my decision has been correct and time will prove this. Thank you very much.

Endara Holds News Conference

PA0707222794 Panama City Circuito RPC Radio in Spanish 2014 GMT 7 Jul 94

[News conference by President Guillermo Endara and Foreign Minister Jose Raul Mulino with local and foreign correspondents and unidentified moderator at the Palace of the Herons in Panama City—live]

[Text] [Moderator] We are going to begin the question and answer session. We ask our colleagues to ask only one question. Alvaro Alvarado from channel four [Circuito RPC Television].

[Alvarado] Good afternoon, Mr. President. With all due respect, do you think this situation, this decision made by the Panamanian Government, could cause problems between the two countries, between Panama and the United States? Deep down we could see that the United States was interested in this.

[Endara] I do not think so. The United States is a world power that I have dealt with during my years in government. We have never had problems even though many times, sometimes, we have had our differences. I am sure that great nation will understand that what we had was a total lack of communication and a total change in conditions. We did not want an agreement with the United States; we wanted an agreement with the United Nations. Why? Because we have special and general agreements with the United Nations that cover these situations, and we wanted to act within the law. We always specified that any agreement, including an agreement with the United Nations, had to respect the Panama Canal Treaties. I do not think this should be a problem.

[Moderator] Javier Ortega of Exitosa.

[Ortega] Mr. President, could you give us the details of the U.S. conditions for negotiating this direct agreement with them?

[Endara] The accord was an agreement....[pauses] I think it would be best if the minister answers because he knows more about this agreement.

[Mulino] Thank you, Mr. President. I believe that, deep down, there was a communications problem during the negotiations, in which the president did not participate directly as did the three ministers responsible for these negotiations. We never encountered very big differences when discussing important issues. Our differences were on the way this would be done. Considering the strong domestic opposition, the most important thing for us was to sign and negotiate this very important document based on five essential factors: public security for the refugees; a guarantee of repatriation once the Haitian crisis was resolved or the deadline expired; the purchase in Panama of all goods and services required for this activity; the immigration issue, which, as I have seen and read in the media, was something that concerned the Panamanian people; and the sending of the refugees to an island because we felt it was the appropriate place for them.

These things would be done while respecting the mechanisms established by the UN technical organizations because they are the experts in handling similar situations in other countries and under more dramatic conditions. We asked that a jointly agreed upon military installation be the temporary—and I underscore temporary—entry site for the refugees and, if necessary, that the installation be handled by the United Nations and its security by the Blue Helmets.

As you know, the Blue Helmets is an international organization that does this type of work in other areas of the world. It is not considered a violation of sovereignty or anything like that. As the president has said, I believe this negotiation ended the way it did basically because of a communications problem, and obviously, because of differences between our government—that will only be in power for another month and a half—and the incoming government that differed with us as to the place where the refugees would be settled. According to them, the Treaties allow the use of the bases for something like this, but as far as we are concerned the spirit of the Treaties strictly covers only those activities related to the Canal.

That is my answer to your question. Thank you.

[Moderator] Itzel Velasquez, ECO news, Televisa.

[Velasquez] Mr. President, this morning EFE cited a statement by a spokesperson for the U.S. Immigration office. EFE said that the first 500 Haitians would arrive tomorrow in Panama from Guantanamo. There are also rumors that I have not been able to confirm—the EFE press agency item has been confirmed—that camps are being built on some military bases. What will your government do if, despite the differences with the United States, the Haitians are brought to the U.S. military bases?

[Endara] I believe in the promise the United States made. They said that not a single Haitian will be brought to Panama as long as a written agreement has not been signed. Now that we have withdrawn our offer, there will be no signed agreement. I do not believe they will bring the Haitians here. If they do, that hypothetical situation will have to be studied, and I am sure we will react the way a Panamanian Government must react.

[Moderator] Fabio Agrana from ACAN-EFE.

[Agrana] Mr. President, in addition to the lack of communications, did you experience any problems with any of the other five points you were demanding? Did they guarantee that the goods, food, and services would be bought in Panama?

[Endara] The preliminary document they sent us did not mention that. That was another reason we rejected the agreement outright.

[Moderator] Marcos Castillo, Circuito RPC.

[Castillo] Mr. President, we would like to know if you decided to withdraw your offer because of differences with the U.S. Government or if you took into consideration the situation being created in Panama, where many sectors were rejecting the measure. It was creating a divisive atmosphere in Panama. Did you consider the problems that accepting such a large number of foreigners in our country would entail for our country? Panama has too many economic, health, and social problems.

[Endara] I want to answer the last part of your question because it is the most important. One of the most important things we considered when we were studying the possibility of accepting Haitian refugees was protecting our economy, health, and safety. That is why it was so important that we reach an agreement with the United Nations. This agreement would clearly establish all these points, and the United States would act as guarantor. We were not going to be affected in any way by the Haitian refugees. On the contrary, I do not wish to stress the material part of this issue because this is basically an ethical situation, but it is necessary that we mention the material side.

The food that the Haitian refugees were going to consume would have been produced in Panama, and Panamanians were going to supply all the labor, which at some point a North American estimated would require 1,000 to 1,500 workers. We think that the funds that were going to be spent to support the Haitian refugees would have benefited Panama like a new export. We would have had a new market for our coffee, bananas, rice, meat, and milk. We would have had new jobs for unemployed people. The Haitians were not going to take jobs away from anyone because they would not be allowed to work in Panama. I repeat: We would have needed Panamanian workers to build and maintain the camps.

In short, we did take Panama's interests into account. We would not have been harmed by the arrival of these refugees. On the contrary, Panama was going to benefit a great deal. As for the number of refugees, I must say that in the conversations we held, it was said that 5,000 was the most likely number of refugees we would accept. Since there was going to be a written agreement, however, we were asked to include 10,000 refugees in the document should the need arise. They did not believe the number of refugees would be larger than 5,000 Haitians.

Anyway, the fact that the camp was going to be built on an island limited the number of refugees we could accept to the number of people the island could accommodate. The limit was the mechanism by which we could make sure that we did not exceed a certain limit because, I repeat, the island in itself was the limit. If we had adopted the unpatriotic and anti-everything doctrine of taking the refugees to the Panama Canal area, there would have been room enough for not just 10,000 but 100,000. That is another reason, perhaps not the compelling reason, why we believed the military bases were completely unacceptable. Did I answer your question?

[Castillo] Yes, Mr. President. We wanted to make sure our national situation was taken into account, because we foresaw a division among the Panamanian people, who were concerned about this issue. We noticed that the central government was more concerned about international interests than national interests.

[Endara] Rest assured that we never ignored our national interests. On the contrary, these interests were taken into account first. If you had read the entire communique I sent to the media, who, unfortunately, I realize never read it, you would have seen that Panama was given every guarantee that it would lose absolutely nothing. Even if something unexpected happened, we included a clause stating that should Panama or any of its citizens suffer any adverse consequence, the United Nations, under the auspices of the United States, would compensate them for the harm done.

[Unidentified correspondent] Mr. President, if the United Nations or the United States made a new proposal to your government before you complete your term, would you reconsider?

[Endara] No. This experience of trying to do a favor without harming Panama, an experience over which there have been so many misunderstandings, shows that this type of international altruism is not well understood by other powers. I do not want to go through the same experience again that I had in the past three or four days—since Monday, to be exact. If the next government wants to consider this, that is up to them. But if U.S. bases are used, I, as a common Panamanian citizen, which I will become on 1 September, will oppose this idea with all my strength, limited as it is.

[Moderator] Yen Aparicio of LA ESTRELLA DE PANAMA, Justino Gonzalez of CRITICA LIBRE, and William Hunter of THE NEW YORK TIMES.

[Hunter] Mr. President, who is chiefly to blame for the collapse of this agreement, the U.S. Government, the PRD [Revolutionary Democratic Party], or your own government?

[Endara] It is very difficult to say who is to blame. I will only say that some misunderstandings led Panama to withdraw its offer. I will not mention personal names. That is not my style. So, with due respect, I must decline to answer your question.

[Moderator] Betty Brannan of LA PRENSA.

[Brannan] Mr. President, it has been reported that your government initially turned down the idea of creating refugee camps on Panamanian territory. It has also been said that your conversation with President Clinton on

Saturday night lasted one hour. Following that conversation, on Monday you announced a change in Panamanian policy regarding the creation of those camps. My question is ....

[Endara, interrupting] Yes, of course. Excuse me.

[Brannan] Excuse me. Can you give us more details on the nature of this conversation, and how did this conversation influence a change in your policy?

[Endara] There was no change of policy. The previous proposal, expressed in a letter from President Clinton, sorry, the U.S. secretary of state—the minister corrects me—asked us to accept a number of Haitians as political refugees. I believe the letter was addressed to all the Central American presidents and heads of state. The letter asked us to give asylum to these Haitians so they could go out into the street, work, and live normally as political refugees. I think Betty knows something about refugees, because she or her relatives have been refugees, not in a camp, but political refugees on the street. That is what was asked of us originally. We are not denying that. Let us keep in mind that all this originates in the United Nations. What the United Nations proposed was a camp for political refugees controlled by the United Nations. Panama would be assured that these Haitians would remain within this camp and that all possible security measures would be taken so the refugees would stay in the camp. The United Nations has plenty of experience in these types of camps. This was a completely different idea. May I clarify that there was no change in policy. A political refugee is one thing. He can go anywhere he wishes, mingle with the people, work, transact business, whatever. These Haitians are quite a different matter. They would be confined in a camp. This would have been an entirely different concept. So there was no change of opinion.

Regarding the conversation with President Clinton on Saturday, I want to say that the time span of an hour is questionable. I do not know who said an hour. Perhaps, I will be blamed, but I do not recall ever saying an hour. We talked for a long time. I would not attempt... [pauses] I did not check the time, but I would venture to say we talked for 20 or 25 minutes, perhaps half an hour, but not an hour.

What did we talk about? President Clinton told me that he guaranteed, that the United States guaranteed, that this U.S. activity would not cause us any harm. He said everything, absolutely everything, would be paid for by the United Nations with the patronage of the United States. Second, he guaranteed that their stay would only be temporary. We did not talk about a year. We talked about a year the next day, and it was sort of an assumption concerning the maximum amount of time they would stay. We talked about something that would be very temporary. I do not think that we talked about the length of time, but from our conversation I gathered that it would be for a month or two. He also told me that the time was needed because he needed time to develop a more concrete policy on Haiti. He did not tell me what the policy was, and therefore I will not speculate on this issue. However, he did tell me that the United States needed this period of time to reflect.

I believe he also mentioned the fact that there was an average of 1,000 boatmen [previous word in English]—I believe this is what they are called—a day. He affirmed the weather had been very bad the previous day and that they had not expected people to leave under those conditions, but, even so, they had picked up more than 400 boatmen. After speaking with President Clinton, we have heard that the number of boatmen has been around 3,000 over the past several days. Therefore, the average is increasing, and it is a great problem for the United States and for the Haitians. This is what he told me.

The third point was that he guaranteed... [pauses] I do not remember right now, but he promised something else. Oh, yes. He guaranteed that everything would be bought in Panama to enable Panama to benefit in some way from this action. He said Panamanians would be employed and that, far from causing us harm, the camp would provide our economy with additional revenues. It would boost our economy. Although he did not say this, I believe one of his representatives said some time later that the revenues would amount to more than $10 million a month. This is more or less what we talked about.

[Moderator] The last question will be posed by Vielka Dudley of Radio Mia.

[Dudley] Good afternoon, Mr. President. I would like to know your grounds for saying it is nefarious for the president-elect to say that he would accept the Haitians if they were located on military bases, because experts have already expressed that such an action would not violate the treaties. Also, will you still send Panamanian policemen to Haiti?

[Endara] Let me tell you that the president-elect's position, the position as I know it, is the one he told me about when we spoke on Monday morning. I told him everything about all of the points we talked about. He told me—I do not remember what he said word-for-word, so I am not quoting him verbatim—that he supported and backed me. He only asked that I clarify two points that were subsequently clarified. They were issues that would have an impact on the new government. I told him that he was absolutely right in asking that those two points be clarified and that I would have them cleared up, because I was not going to leave him with this kind of problem. The two points were: the total amount of Haitians that would be sent and the total amount of time they would stay.

I did this in my subsequent talks and established that they would amount to as many as 10,000. I insist again, however, it was not necessarily true that all of the 10,000 would come. It was said that approximately 5,000 would come, but that they could amount to 10,000. Also, the

timeframe was set at a year. They really said it would probably only be months, but that a year would be suggested just to be sure.

Regarding the statement the president-elect issued, which was not signed by him—at least I did not see his signature, and therefore I do not know whether he wrote it; however, his friends say he wrote it, and I see no reason to disagree—I know his opinion on this issue. I believe that to offer defense areas or military bases as places of refuge runs completely against the treaties, even if the treaties' main promoter says such an action conforms with the treaties. This main promoter is the same man who said U.S. Congressman DeConcini's clauses were acceptable. Now he says the presence of the refugees at the bases is acceptable. This is totally contrary to the treaties. An agreement of this type, moreover, does not only require that it be sent to the National Assembly, it also has to be put to a referendum or plebiscite.

Furthermore, I will tell you the main reason I do not accept this position. It is not only because of the treaties, and it is not only because of the fact that it would have to go the Assembly. In 1912 or 1913 or 1914—I do not remember exactly—a Panamanian foreign minister wrote a historic letter. Unfortunately, I believe, our young people of today, are not taught the importance of this note. It was written by Mr. De Obaldia.

Even though it was not stipulated in the 1903 Treaty, the North Americans set up some bases there. Mr. De Obaldia wrote a letter that should be read frequently by all those who have anything to do with Panama's relations with the United States. I think reporters should also read this letter frequently. The letter outlines Panama's permanent position, except during the dictatorship, when the military bases were handled any which way.

In times other than during the dictatorship, however, Panamanians followed this position to the letter. It was followed at all times. Liberals, Arnulfistas, and members of all different parties followed the doctrine outlined in that letter. Far from modifying it, this position was reemphasized. In matters of defense of the Canal, of the defense sites, and of the military bases, Panama has strictly followed this interpretation; that is, that the gringos are there by a stroke of luck [de a vaina], and that we have to find a formula to limit these military bases to the very minimum.

That is the theory. I only wish I could use the language that De Obaldia used because it is good language, Castillian Spanish, very clear language. Please read the letter and you will realize how unpatriotic it would be to say that the refugees should go to the military bases. That would go against the very grain of our history in defense of our fatherland and our sovereignty. I think those who say the military bases should be used are servile [entreguistas]. I cannot understand how they can propose such a thing.

[Moderator] No more questions, please.

[Station announcer Marcos Castillo, breaking in as Endara continues speaking in the background] Friends and listeners of Circuito RPC, this is the end of the news conference during which the president of the Republic has announced to the country over a national network that he has withdrawn the proposal made in the negotiations among the U.S. Government, the United Nations, and the Republic of Panama regarding the group of Haitian refugees that was going to come to Panama.

Future Foreign Minister Comments

PA0807001194 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Jul 94

[From the "RPC Television News" newscast]

[Text] Foreign Relations Minister-designate Gabriel Lewis Galindo was surprised by President Guillermo Endara's decision to withdraw his offer to shelter 10,000 Haitians. Lewis believes that Endara's decision to shelter Haitians was hasty because there are alternatives such as the military bases, as proposed by Romulo Escobar Bethancourt, a Panama Canal Treaties negotiator.

[Begin Lewis recording] I repeat: We were never consulted on this decision or on the decision to withdraw the offer. I think President-elect Ernesto Perez Balladares will have to address this issue now. Dr. Perez Balladares will arrive in Panama City tonight at 2030 or 2035 [0135 GMT 8 Jul]. After meeting with members of his administration, he will hold a news conference at Tocumen International Airport to give more details on the position he will take on 1 September. I firmly believe that this problem cannot wait until September. The United States asked for help now, and President Endara, not President-elect Perez Balladares, must make the decision to either help the United States or not.

The president has tried to place this issue within the framework of the United Nations; however, reality dictates that the Coordination Committee, as stipulated by the Panama Canal Treaties, must handle the issue, as Dr. Escobar explained yesterday on television. We have made a mountain out of a molehill.

I truly believe President Endara made a hasty decision, which, I maintain, was made without considering the Ernesto Perez Balladares government. Endara made the decision, and Endara rejected it. This is Endara's problem. [end recording]

Perez Balladares News Conference

PA0807034094 Panama City Radio KW Continente in Spanish 0217 GMT 8 Jul 94

[News conference by President-Elect Ernesto Perez Balladares, Foreign Minister-designate Gabriel Lewis Galindo, and former Panama Canal treaty negotiator Romulo Escobar Bethancourt, with unidentified local and foreign correspondents in the Diplomatic Room at Tocumen International Airport in Panama City—live]

[Text] [Announcer] With the president-elect's permission, we will begin this very important news conference. Reporters have been waiting to hear the president-elect's statement and viewpoints regarding the Haitian issue.

[Perez Balladares] Good evening to all of you. Thank you very much for your welcome. I wish to speak about the topic that has concerned the Panamanian people for the past few days while we have been away from the country. I heard of this for the first time during a telephone call I received on 4 July at midnight Hong Kong time. It was 1100 here in Panama. President Endara called to tell me, to inform me, of a decision he was going to make public in approximately one hour, at noon he told me. He said he had reached this decision at the request of the UNHCR and following conversations with President Clinton. It was midnight over there. At that hour one is usually asleep. Since he was not calling to consult me but to inform me—this was done in the presence of Jose Luis Sosa, who is around here somewhere—I only made a couple of comments. First, I told him that I personally understood the struggle and anguish of the Haitian people to attain an internal democratic process. I also told him that I understood the reasons why so many people were fleeing Haiti. They were fleeing because of internal pressure, persecution, and hunger. I also told him that, just like any other human being, the suffering of the people was something that worried me. Quickly thinking back on that telephone conversation, I also told him that two or three things concerned me about what he had told me. One, I asked him about the number of people. President Endara at that time told me we were talking about some 4,000-5,000 people. I also asked him about what kind of time frame we were looking at, because it appears to me, Mr. President, I told him, that we should clearly spell out the period that the refugees will stay. Third, he told me that he had proposed, as someone in the United Nations had hinted, that they be sheltered on an island, because an island would provide the best means to keep them isolated, and he added that he had proposed the island of San Jose. When he told me this, I said: Mr. President, think this over carefully, because as far as I know, San Jose Island is private property. I also think it will be very difficult to control a number of people on that island. He told me they were thinking about this and that a final decision had not been made. He said he had suggested the island based on advice from someone at the United Nations.

I spoke with Mr. Sosa immediately after speaking with President Endara. President Endara put Mr. Sosa on the telephone for me. By then I was a bit more awake because the news had shocked me. I told Sosa to call a meeting of our government team as soon as possible. Even though I was far away, I knew that the announcement, if not explained properly to the people, would have unforeseeable consequences. The Panamanian people had to clearly understand the reasons, the humanitarian reasons, for this decision and they had to know that the right to protect what is theirs would not to be affected—their jobs, opportunities to improve their situation—and that the justification of being refugees would not be used to take from the Panamanian people what they do not have.

During the telephone conversation, I also told Sosa that I would call him the next day as soon as I received the documents President Endara had promised. I have the documents here with me; two faxes he sent me. One of the faxes is the letter from the UNHCR, which I will read because it is important and because I know everyone has heard of it. The paragraph that interests us reads as follows:

I understand, Mr. President—the letter is addressed to President Endara—that your government would be willing to facilitate temporary lodgings for a significant number of Haitians at existing installations currently being used by U.S. military bases until more appropriate installations for this purpose are prepared.

It seems that the UN and U.S. requests intended that the Panamanian Government would admit between 4,000 and 5,000 people to be temporarily lodged at U.S. defense sites in the Republic of Panama. That is why you see that the communique drafted by our team contains exactly these three points: first, that they be housed on defense sites so the Panamanian people do not somehow perceive them as a threat—people who are fleeing and about whom no one knows anything; second, that they stay for a previously agreed upon period of time; and third, that there be a set number of people. That is what our communique states.

I understand that, regrettably, the current government has not been able to clearly explain these issues to the people. Of course I share the fears that we have had these last few days, which ended with President Endara withdrawing the offer he made.

We sincerely believe this incident has been unfortunate, because I know that the great majority of Panamanian people are people who share what little bread they have with their brothers, but they are not willing to have it snatched away. The Endara administration gave the wrong impression that a horde of people were coming to take away the few things Panamanians have. It has been unfortunate because the Endara government has lacked the ability to reasonably explain what could have justified his decision. In addition, he was irresponsible when he said that I was consulted. At no time was I consulted. I was, and I thank President Endara for this, informed by him of what his announcement was going to be—in other words, the decision he had already made. I tried to see that the decision did the least harm to our interests, the interests of the Panamanian people, above anything else. Having said that, I will gladly answer any questions you may have.

[Correspondent] Dr. Ernesto Perez Balladares, [words indistinct] would you be willing in your next trip to [words indistinct] could affect this decision?

[Perez Balladares] I will listen to the things that President Bill Clinton, another president, or any person might want to say. I want everyone to understand this situation clearly, however. The president of the Republic, until midnight 31 August when I take office, is Guillermo Endara, and this decision is his. I cannot exert any influence over it; I cannot authorize or revoke it. It is his decision, and he has already made it.

[Correspondent] He emphasized that the decision to take the Haitian refugees to military bases violates the Panama Canal treaties.

[Perez Balladares] There are different opinions on this issue. I would rather give Dr. Romulo Escobar Bethancourt, a person who negotiated the treaties, the opportunity to answer this question. He can give a better answer than I can. Dr. Escobar, be brief, please.

[Escobar] When Gabriel Lewis Galindo asked me about this problem, and when I spoke with President Endara over the phone, I told them that the presence of Haitian refugees on the military bases did not violate the Panama Canal Treaties, because although it is true that Article 4 of the treaties—an article on defense—stipulates that the main objective of the U.S. Army in Panama and the purpose of the military bases is to defend the Panama Canal, it is also true that the same article stipulates a number of operations that the U.S. Army in Panama is authorized to conduct should it follow Panama's instructions. To this effect, the same Article 4 notes the creation of a joint commission to ensure that the two countries discuss issues on the defense of the Panama Canal and other matters that the two governments could bring up. U.S. and Panamanian representatives form this commission.

A Foreign Ministry official from a department called DEPAT [Panama Treaty Affairs Executive Directorate] is currently heading this commission, because we no longer have the Defense Forces, which used to appoint a representative, as does the United States. This agreement allows the possibility that the U.S. Army could conduct humanitarian operations should it agree with the Panamanian Government. This agreement also expressed the possibility of conducting operations to supply medicine, provide security, offer public health advice, and even check veterinary installations should the two parties agree.

So, we do not know why they are saying that an activity—to be precise, a humanitarian action that is in accordance with the definition given in the treaty for such actions—would violate the treaty if both parties, the Panamanian and United States Governments, reached an agreement in this respect. As the president-elect explained, this alternative was presented first, because the treaties would not be violated, and second, because it was the most practical way as it allowed refugees to be attended to and security to be maintained. The refugees' entries and departures could be monitored, along with the attention they received. We told this to the president-elect and President Endara. In our opinion, and based on the information we gathered when we headed the negotiating team for the treaties, the treaties are not violated if defense sites are occasionally used to give humanitarian aid if both governments agree to do so.

[Correspondent] President-elect, do you know what agenda will be followed when you meet with President Clinton?

[Perez Balladares] I just found out that I was meeting with President Clinton. [chuckles] I just....[pauses] Well, I was told by the foreign minister yesterday. The agenda, according to what the foreign minister said, is open. That means no specific issue will be discussed. Of course, with an open agenda, the topics we will bring up are those that most interest Panama and other issues of a continental nature. I suppose the Haitian issue will come up too, but it will not be the sole issue at the meeting.

[Correspondent] Could you tell us about the foreign debt negotiation, Mr. President.

[Perez Balladares] The foreign debt negotiation is being handled by President Endara's administration right now. He has a negotiating team, and I understand that they have made several efforts. We have not participated in those efforts.

[Correspondent] Why?

[Perez Balladares] Because it does not concern us. It will be our concern as of 1 September.

[Correspondent] More or less, what is the status of this problem?

[Perez Balladares] Well, all Panamanians who are sufficiently educated to be aware of things know the status of this problem.

[Correspondent] [Question indistinct]

[Perez Balladares, speaks to an unidentified person] Just one minute. We will leave right away.

[Correspondent] The media have learned that a group has been appointed in your government team to study the possibility of renegotiating the military bases, or so you can talk about this when you take over the government.....

[Perez Balladares, interrupting] Who told you that piece of gossip? [laughter] Let me answer you, because this cannot be left in the air.

[Correspondent, interrupting] Could the military bases be included on the agenda for your talks with Clinton? [laughter]

[Perez Balladares] No, no, no. Let me answer this because it cannot be left in the air. Our position has not varied for a long time, since 1991 or 1992 when we were elected to the current [Democratic Revolutionary Party] Executive Committee. Gerardo Gonzalez presided, Tito

[Tomas Gabriel Altamarino Duque] was vice president, and I was on it, along with Francisco Sanchez Cardenas and Michell Doens. We received a visit from U.S. Embassy officials. Our position then, which is the same one we hold today, is that what is best for the Republic of Panama and for the United States is compliance with the Panama Canal Treaties just as they were signed. Our party, and now the future government, does not have any intention of asking for the renegotiation of any base. In any case, the United States would have to propose it, and we would have to evaluate it. This, however, is a hypothetical situation, and we definitely do not have a group to renegotiate any base.

[Correspondent] President Endara's refusal to receive the Haitians has prompted a somewhat tense situation with the United States. Do you think you will inherit this uncomfortable situation with the Washington administration [words indistinct]?

[Perez Balladares] I think the Haitian issue must be seen in its proper perspective. First, it is not just a problem of the United States. It is a problem that concerns all Latin Americans, all of us who live on this American continent. It is a problem that grows more serious with the sanctions imposed by the United States and the other developed countries.

But this is not the problem. The problem began when a military coup was staged and the Aristide Government was ousted. This is where the problem began. Consequently, we—all of us who want to live in peace and democracy—have to find a way to improve this situation. In no way should this mean, however, shutting the door on the problems of the continent and isolating ourselves from what is going on in the world. We have to be a part of it.

I reiterate: We are not dealing strictly with a Haiti-United States problem; I believe this is a problem of the entire continent, and this is how it should be viewed.

On the other hand, there is the humanitarian aspect, which is unfortunate and heart-rending. As human beings, we have to have some feeling of solidarity with people who are braving death to escape from their country. This cannot be. We Panamanians cannot be indifferent to this. But again, we cannot allow this problem to jeopardize our security and peace of mind. This is why we proposed that it should be a controlled situation, to comply with the two criteria.

[Correspondent] [words indistinct] of your trip abroad?

[Perez Balladares] This was a vacation trip; it was not a working trip. I am returning to work now that I am back.

[Correspondent] The PALA [Labor Party] is asking for more political space [words indistinct].

[Perez Balladares] I have been saying since before the elections that there will be no political spaces in my government, and, in fact, there are none.

[Correspondent] I have a question for [words indistinct].

[Lewis Galindo] I believe the situation is very bad. Today, the Group of Seven is meeting in Naples. President Clinton went there and he likely told them in the morning: I have an agreement with Panama. Then in the afternoon he had to say: No, I do not. This action by President Endara to first invite them and then retract the invitation undoubtedly has harmed us throughout the world. In my opinion, it was a totally irresponsible action.

[Perez Balladares] I think we have all been caught by surprise by the swift manner in which he accepted a proposal and then reversed himself. This makes me believe, with respect for all those present and for President Endara himself, that it was not well thought out. No, it was not well thought out.

In closing, I want to say the following: If in my administration that begins on 1 September... [pauses] if such a situation were to arise during my administration, you can be certain that what I will do is what has characterized and will always characterize my actions. I will consult with the greatest number of Panamanians possible before coming to a hasty decision—a decision I will have to regret three days later and for which I would risk becoming an object of international ridicule. [applause]

Legislators Approve Decision

PA0807002994 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Jul 94

[Report by Luis Alberto Jimenez at the Legislative Assembly from the "RPC Television News" newscast]

[Text] Legislators believe President Endara's decision not to receive the Haitian refugees is justifiable. Reactions from several sectors of Panamanian society, including the Legislative Assembly, were recorded after the president announced his decision not to sign the agreement with the United Nations.

Legislative Assembly President Arturo Vallarino said every individual has the right to reconsider his mistakes:

[Begin Vallarino recording] If, after holding all those talks and studying the case thoroughly, he decided to withdraw his offer, we must accept his decision [end recording]

PRD [Democratic Revolutionary Party] Legislator Elias Castillo also agreed, saying the president's decision was correct.

[Begin Castillo recording] He saw the light and he has correctly interpreted Panamanian public opinion. The decision to fight this executive action is the one thing that has united Panamanians in the past days. [end recording]

Legislator Gloria Moreno de Lopez said it is appropriate that President Endara reconsidered, even if it came a bit late.

[Begin Moreno de Lopez recording] I think the president did the right thing, but I also believe he could have avoided the tremendous political upheaval he caused in the past hours. [end recording]

Foreign Minister Jose Raul Mulino was planning to attend a meeting at the Human Rights Commission to discuss the issue, but of course the meeting was canceled. The president's decision has returned tranquillity to the National Assembly and the Panamanian people. For Haitians, however, the nightmare continues.

More Legislators' Reactions

PA0807022894 Panama City TVN Television Network in Spanish 0000 GMT 8 Jul 94

[From the "TVN News" newscast; speakers identifed by caption]

[Excerpts] Reactions to President Guillermo Endara's decision came immediately after his announcement. At the Legislative Assembly, legislators had the following comments:

[Begin recording] [Democratic Revolutionary Party Legislator Gerardo Gonzalez, identified by caption] Panamanians are relieved that an unmanageable concentration camp was not set up outside the U.S. military bases. When all is said and done, the only one who looks bad is President Endara. He came out badly with the president-elect, with the Panamanian people, with the United States, and with the Haitians.

[National Renewal Movement Legislator Gloria Moreno de Lopez] He should have never offered our country. The Constitution does not authorize him to unilaterally offer our territory or to offer refuge to foreigners without authorization from the Legislative Assembly.

[Unidentified reporter] How do you feel now that the Haitians are not coming?

[Moreno de Lopez] I feel sorry for the Haitians. They are suffering, and we must be charitable and helpful. But the Bible also says God helps those who help themselves, and my first responsibility is to the Panamanian people. [passage omitted]

[Authentic Liberal Party Legislator Alberto Cigarruista] I think the president did the right thing. The unilateral decision caused unrest among the people. The presidents must answer to the people, and the people told him what he should do. Fortunately he thought twice, heard the voices of Panamanian people, and he did as they asked. [end recording] [passage omitted]

Liberal Party Leader Agrees

PA0807135594 Panama City Radio KW Continente in Spanish 1200 GMT 8 Jul 94

[Telephone interview with Dr. Roderick Esquivel, leader of Panama's Liberal Party, by reporter Roberto Rolando Rodriguez in Panama City; from the "Continente Radio Clock" newscast—live]

[Text] [Rodriguez] Dr. Esquivel, what is your opinion of President Guillermo Endara's decision not to receive the Haitian refugees whom he had accepted previously?

[Esquivel] I believe his decision was right. Although the issue of bringing in Haitians to Panama is a complex one that emphasizes humanitarian reasons, the people of Panama are also important. The humanitarian factor also prevails for the people of Panama, which is a small, poor country with big problems. It is not the appropriate nation to deal with the arrival of 10,000 refugees who, in the first place, have not even requested to come to Panama. Therefore, to bring in refugees, in my opinion, be they Salvadorans, as was done in the past, or Haitians, as was attempted now, is an economic, social, and political blunder for Panamanians; that is my opinion.

[Rodriguez] Do you believe President Endara handled this situation badly? How do you believe he explained to the public the issue of bringing in Haitians or the UN and U.S. request?

[Esquivel] I will not judge President Endara. I do not know the heart of this matter. I cannot say whether it was wrong or right, or if it was explained properly. He did, in fact, explain the matter. He rejected the original request, because he consulted the people. He realized the majority of Panamanians do not agree with this decision, so he simply decided to say no. I will not judge him. It is very difficult to judge a president, because one is not responsible for doing so. It is the correct decision, as I told him in my original opinion. I agree they should not come.

Chamber President Lauds Decision

PA0807003994 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Jul 94

[Report by Luis Alberto Jimenez from the "RPC Television News" newscast]

[Text] Chamber of Commerce President Ricardo Duran has said that the president of the Republic's decision not to accept Haitian refugees has restored the local economic sector's peace of mind.

After congratulating President Guillermo Endara for withdrawing his offer to receive Haitian refugees in Panama, Duran said that, with the decision, Endara responded to the demands of the people, who were worried about the arrival of 10,000 Haitians.

[Begin Duran recording] The citizens were very nervous. All Panamanians were very worried about the problems that the arrival of these Haitians would bring. [end recording]

In discussing the situation that still persists in Haiti, Duran said the situation is worrisome, but he added that Panama is not the country that should cope with a problem this great.

[Begin Duran recording] From a humanitarian point of view, we are all saddened by the human tragedy these Haitian people and children are experiencing, but, as President Endara said in his news conference, we are not in a position to accept the terms under which we would have had to receive these people in Panama. [end recording]

Duran's position coincides with that of the private sector, which was concerned over social, health, and security problems the arrival of these Haitians would have brought.

Costa Rica Returns 17 Haitians to Panama

PA0807004494 Panama City ACAN in Spanish 2305 GMT 7 Jul 94

[Text] San Jose, 7 Jul (ACAN - EFE)—Costa Rican immigration authorities today turned back 17 Haitians who were trying to cross the Panamanian border to seek refuge in Costa Rica.

An Immigration Department source at the border post of Paso Canoas told ACAN-EFE that the operation was conducted by officials from San Jose, but he declined to give further details.

According to the source, the Haitians were trying to cross the border to seek refuge in Costa Rica, despite the fact that the Costa Rican Government reiterated today that it will not receive Haitian refugees since there is no hemispheric commitment to resolve in this manner the problem of thousands of refugees fleeing the crisis in that Caribbean nation.

Radio Monumental in the Costa Rican capital reported that the Haitians are being kept in Panamanian territory near the Costa Rican border, 350 km southeast of San Jose.

The incident occurred following Costa Rican authorities' reiteration of their refusal to receive refugees fleeing from the Haitian crisis and following the Panamanian Government's retraction of its offer to receive 10,000 refugees because of various protests and discrepancies with the United States.

Costa Rican Foreign Minister Fernando Naranjo today regretted that many countries have come out against receiving the Haitian refugees and he added that Costa Rica cannot make "such a delicate" decision unilaterally.

Government, ROC Sign Draft Aviation Accord

OW0807140494 Taipei CNA in English 1304 GMT 8 Jul 94

[By Huang Kwang-chun and Y.C. Tsai]

[Text] Panama City, July 7 (CNA)—Officials from the Republic of China [ROC] and Panama signed a draft aviation agreement here Wednesday [6 July] following two days of negotiations.

Under the pact, all ROC and Panamanian airlines will be allowed to fly seven times a week between Taipei and Panama City, and the route could be extended beyond both cities. Each airline will be allowed to fly any type of passenger airliner or cargo plane.

Liu Chin-ying, economic counselor at the ROC Embassy in Panama, said the negotiations over the pact were friendly. He said direct flights between the two countries will greatly strengthen bilateral trade, tourism, and cultural ties.

The aviation accord, the first of its kind between the ROC and a Latin American country, will become effective upon ratification by the two governments.

The six-member ROC delegation to the aviation talks was led by Chu Yung-chuan, director of the Navigation and Aviation Department under the Ministry of Transportation and Communications. Zoscmo Guardia [name as received], director of Panama's Civil Aeronautics Administration, represented his country at the talks.

The ROC delegation, which also included one representative each from China Airlines and Eva Air, left for Taipei on Thursday.

Argentina

Menem, Interior Minister Assess Federal March

PY0707185694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1129 GMT 7 Jul 94

[Text] President Carlos Menem has estimated that the number of participants in the Federal March at Plaza de Mayo "did not exceed 20,000 or 21,000." He criticized "very important" Buenos Aires newspapers for having given the demonstration against the government "amazing coverage."

Menem complained that "not only did the columns that came from the interior participate in the rally, but also very important Buenos Aires dailies have given the rally amazing coverage, including one that devoted the first six pages to a recounting of the Federal March."

Having congratulated demonstrators on "the peace and order" they maintained during the protest rally, the head of state termed the Federal March "a success of democracy and freedom, beyond the controversy that may arise over the number of demonstrators present there."

"According to the Federal Police, the number of demonstrators did not exceed 20,000 or 21,000. Some media that are not keen on the government talk about 25,000. Still, let us suppose that there were 30,000 or 40,000 demonstrators—let us not forget that virtually the whole spectrum of Argentine politics was represented there (sic), including the provincial political parties and an important sector of the Argentine labor movement," he noted.

Menem took advantage of the circumstances to use a phrase that Interior Minister Carlos Ruckauf had uttered not long ago: "Never have so many leaders convoked so few people as occurred today."

During yesterday evening's television program "Hello Susana," the president recalled that "from the original estimates given by organizers of the rally—some 400,000—they lowered the number to 100,000, and now the number was reduced to this figure."

"We are not concerned about the number of demonstrators but rather about peace and order. It had been rumored that there were going to be people killed or wounded. Even foreign media sent cameras to film possible incidents," he pointed out.

Menem also criticized the attitude of some local television channels, "which promoted the Federal March and goaded people into taking part in the demonstration."

The head of state labeled the protest rally and the addresses by the main speakers as belonging "to the Argentina of the past, which will never ever return, in contrast with those who have devoted themselves to working and who make up today's Argentina."

"Those speeches would only serve to take us back 50 years in time. Besides, they no longer have any sort of influence on the leading circles of our society," he said.

Nevertheless, he conceded that "there are problems and some difficulties that we are trying to overcome, but we are making strides in many respects, including dealing with poverty."

The president once again offered demonstrators his congratulations on the order they kept during the march. Still, he criticized "the aggressive and vitriolic speeches against the federal government because this is not the way to achieve some purpose; what we need is dialogue."

"What does this avail us," he asked, while asserting that "tomorrow things will continue unchanged, although we will try to surmount some current situations."

Interior Minister Carlos Ruckauf made a political assessment of the Federal March that concluded this afternoon in Plaza de Mayo. "Never have so many convoked so few," he said, paraphrasing Winston Churchill.

During a news conference he called soon after the protest rally, Ruckauf underscored the fact that it proceeded without incident and made it clear that three arrests were made "on charges of being caught in possession of blunt elements." He estimated that those detained "will be released in the coming hours."

Ruckauf noted that the president "was very pleased" with the outcome of the demonstration "because it did not draw the number of people that the government itself expected."

Upon being asked whether the government would take note of some of the labor leaders' demands, Ruckauf answered that he has "the greatest respect for those who disagree" with the government.

"I have always dreamt of a society in which all are not forced to hold the same ideas; therefore, I congratulate myself on there being a difference of opinions," he stressed.

He pointed out that at any rate, the Federal March was over and "there was no new message worth listening to. What has been said is a repetition of what was previously mentioned."

"I believe it is important we Argentines have alternative proposals to offer to citizens next year. I think it is of paramount importance to form an opposition that may be a government alternative, as this also goes into building our future society," he added.

Ruckauf said that the Federal March "was a success insofar as it enabled people to demonstrate freely" and recalled that "some said we were going to order the police out to beat demonstrators and it was proven that we ordered the police out to prevent everybody from beating anybody."

Remarks of Federal March Speakers Noted

PY0707173994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1112 GMT 7 Jul 94

[Excerpts] Buenos Aires, 7 Jul (NA)—The Argentine Workers Congress (CTA) and the Argentine Workers Movement (MTA) have announced a general strike for 2 August. The announcement was made at the end of the Federal March that ended with a massive rally at Plaza de Mayo. Speeches heard on the occasion were characterized by their criticism of the government and the General Confederation of Labor [CGT] and the demand for changes in the economic policy.

According to most observers, between 35,000 and 40,000 people attended the rally at Plaza de Mayo yesterday. The government and the Federal Police, however, estimated total attendance at 20,000, while organizers spoke about 100,000 demonstrators.

The eight speakers could not break demonstrators' astounding apathy, which is highly unusual in this type of mass demonstration. Demonstrators followed the speeches carefully, however, on a very cold day.

The Federal March progressed without incidents. It was guarded by an impressive police operation that included an unusual number of police personnel in civilian clothes and some 14,000 uniformed policemen. [passage omitted]

The protest was convened under the slogan "For an Argentina for all." The main participants were political parties and university and labor association activists from the capital and Greater Buenos Aires. [passage omitted]

The crowd started shouting "Strike, Strike, Strike ... [ellipses as received] general strike" when State Workers Association President Victor de Gennaro announced the organization of such a measure for 2 August "to protest this policy of hunger and misery."

De Gennaro was the first in a long list of speakers who concentrated their criticism against the economic plan and President Carlos Menem's administration. [passage omitted]

Guillermina de Monteros spoke as a representative of the Cuyo column. She noted the regional economies' crisis, saying that regional products "are thrown to the pigs because they cannot be sold." [passage omitted]

Argentine University Federation (FUA) President Daniel Nieto criticized the administration's education policy and announced the federation's support of the 2 August general strike with "an active takeover of university buildings to defeat this policy."

Juan Gonzalez spoke as a representative of the Northeast column. He criticized governors who "speak loudly about federalism but forget all about it when they come to the capital." Gonzalez concluded his speech with an emotional "zapucay" [hurrah in Indian dialect], recalling "the man who pretended to be a federal leader and then forgot about the people," a reference to President Menem.

Carlos "Perro" Santillan spoke as a representative of the Northwest column. He called for an "end to Menem's and Cavallo's model of corruption." Santillan said the people "are not afraid of anything, despite the fact that we are being filmed and aerial photographs are being taken." He tried to ridicule the security forces' operation. [passage omitted].

Patagonian column and teachers' leader Daniel Gomez was widely applauded when he mentioned the late leader German Abdala and recalled the latter's words by saying: "We must have a cause for which to fight and, if necessary, to die."

Humberto Volando spoke on behalf of producers and entrepreneurial entities. He said: "Those who work cannot make money and end up bankrupt. The only ones who can make money in this country are the corrupt officials who bury their hands in the public purse," Volando said when criticizing the government's economic policy.

"That is the characteristic of this economic policy because those who work cannot make money and speculators take advantage of the situation, generating an unbearable social situation," Volando said.

Huyo Moyano, president of the Drivers and Trucks Federation, spoke last, as a representative of the MTA. He centered his criticism on the CGT and called "on leaders who still have some dignity to take leadership positions among workers." His remarks provoked long whistling against the CGT. [passage omitted]

Move To 'Transform' Communist Party Begins

PY0807022994 Buenos Aires CLARIN in Spanish 6 Jul 94 p 15

[Article by Atilio Bleta]

[Text] The first meeting of the Alternative and Liberation Movement of Buenos Aires Province has set into motion a process to transform the Communist Party of Argentina [PCA] into a new political force that hopes to become the Grand Front's [FG] left wing. The meeting was held last weekend.

Representatives from 30 Buenos Aires Province districts participated in the meeting, which was held in the Swiss House in the federal capital. The sponsors emphasized that in addition to the PCA, dissident Peronists, independent left groups, Christian based communities, and district groups are also participating in this transformation process.

Buenos Aires Province PCA leaders, headed by Alejandro Mosquera and Oscar Laborde, are sponsoring this proposal. Although this proposal has been approved by PCA Secretary General Patricio Echegaray, it anticipates

a discussion of the PCA's final destiny and seems to mask a dispute over party control.

Those supporting Echegaray approve of the establishment of this movement, but want to conserve the PCA and, especially, "hold a public debate" with "Chacho" Alvarez on the FG's political line. Echegaray's supporters emphasize: "It is first necessary to hold a debate before gathering the people."

Laborde said that the Buenos Aires Province PCA leaders believe "it is not good to become an enemy of 'Chacho' because it is very cold outside the FG." He added: "We must dare to launch something new to group the FG's left, because they will not come to the PCA."

Although he has still not made a public announcement on this issue, top FG leader Carlos "Chacho" Alvarez has also become deeply involved in this internal activity. He was very enthusiastic about the PCA's transformation, as he does not want this party to appear in the public's eyes as being an FG member.

The Alternative and Liberation Movement's establishment also caused the wrath of another PCA faction, headed by Jorge Pereyra. The PCA leaders are unable to determine if the Pereyra-led faction is inside or outside the party.

The "Pereyra faction," which has some strength in some greater Buenos Aires districts and has been estranged from party leadership, published last week a paid advertisement in CLARIN in which it harshly criticized the PCA's "dilution" into another political force.

Nevertheless, the PCA people have a calm attitude toward the debate and the establishment of a new political force. They made it clear that discussions are part of the activities of any political party, and that the Stalinist practices of banning dissent have been definitively removed.

Cordoba Technology School To Launch Education Satellite

PY0807020194 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 7 Jul 94

[Text] Cordoba—The National Technical University has started working on a space technology proposal. The Cordoba branch of the National Technical University has launched a project designed to put a satellite into orbit. Radio Nacional learned that the satellite will be used for educational purposes. School Dean Benito Posetto told reporters that the project contemplates the construction of a 30 kg satellite that will orbit at 500 km to 800 km. It is estimated that the satellite's useful life will be between three to five years, and that it will be used to study the climate and for communications. The project, however, will be particularly useful for training purposes and because it will encourage the interest of professors and students in the sciences.

Roundup of Economic Reports

PY0707224794

[Editorial Report] The following is a compilation of reports on economic activities monitored through 7 July.

The National Statistics Institute disclosed on 5 July that the balance of trade deficit grew by 476 percent in the first four months of the year as compared with the corresponding period in 1993. Imports totaled $6.56 billion, while exports added up to $4.173 billion, thus showing a deficit of $2.387 billion in the first four months of the year. The trade deficit amounted to $542 million in April, thus declining by $166 million compared with the previous month. Preliminary figures for May show that the trade deficit will amount to $188 million. Imports of capital goods jumped by 104 percent in the first four months of 1994 as compared with the corresponding period in 1993. Imports of intermediate goods increased by 30 percent, while imports of fuels expanded by 122 percent and those of cars were up by 35 percent. Exports edged up by 5 percent in the four months to May compared with the same period last year. Exports of manufactured goods were up by 29 percent, while exports of agricultural products increased by 10 percent. Exports of commodities shrunk by 15 percent while those of fuel and electricity declined by 7 percent. Argentina's trade deficit with Common Market of the South member countries grew by 33 percent, totaling $360 million in the period under consideration. Argentina's trade deficit with NAFTA member countries amounted to $1.219 billion in the same period. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 0030 GMT 6 Jul 94)

The Finance Ministry has reported that the government registered a surplus of 678.4 million pesos in April and May. This figure breaks down as follows: a surplus of 643.8 million pesos in May and 34.6 million pesos in April. According to official figures, the government's surplus in the first quarter of the year totals 707.7 million pesos. Current revenues added up to 3.6704 billion pesos in April, while current expenditures amounted to 3.5966 billion pesos. Total revenues after taxes amounted to 4.1836 billion pesos, while primary expenditures totalled 4.149 billion pesos, thus showing a surplus of 34.6 million pesos. Total revenues after taxes reached 5.316 billion pesos. Current revenues totaled 4.3328 billion pesos in May, while current expenditures amounted to 4.2943 billion pesos. (Buenos Aires LA PRENSA in Spanish 25 Jun 94 p 5)

The property of Government Coal Deposits' coal, railway, and port complex has been ceded to a consortium made up of the Argentine Federation of Light and Power Workers, IATE Inc., Eleprint Inc., Dredging and Port Works Inc., and Rio Turbio Coal Deposits Inc. through the granting of a 20-year franchise for its exploitation. This deal was closed with the Energy Secretariat at a ceremony during which both parties signed a legal document stating that at the time of the transfer the volume of commercial coal at the Rio Turbio purifying

plant and Rio Gallegos Beach amounted to 39,954 metric tons. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 2206 GMT 1 Jul 94)

During a news conference, Economy Minister Domingo Cavallo and Economic Planning Secretary Juan Llach reported that the cost of living went up by 0.4 percent in June. The consumer price index has increased by 3 percent over the last 12 months and by 54.8 percent since the peso was pegged to the dollar. According to data released by the National Institute of Statistics and Census, accrued inflation is 1.2 percent to date. Wholesale prices went up by 1.5 percent in June, thus registering a 0.2 percent increase over the last 12 months. Construction costs increased by 0.6 percent in June, thus totaling 9.3 percent since June 1993. Cavallo explained that these figures are still "somewhat high," but was confident that they will go down once the measures to deregulate the construction industry are implemented. The items that registered the highest increase are: health (0.9 percent), housing and home furnishings (0.6 percent), leisure (0.4 percent), food and beverages (0.3 percent), and transport and communications (0.2 percent). The 1.7 percent increase in the price of tea and herbal teas and the 1.4 percent increase in meat prices account for the 0.3 percent in food and beverages. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 0030 GMT 6 Jul 94)

Government Oil Deposits, YPF, has increased fuel prices by 0.6 percent. Regular gasoline now costs 0.579 pesos per liter, and premium gasoline 0.775 pesos per liter. YPF, which has a market share of 50 percent, announced a 2.5 percent hike in fuel prices a fortnight ago. However, after a request from the Economy Ministry, it suspended this hike so as not to affect June's consumer price index. Now, given a green light to hike prices, YPF has upped them by only 0.6 percent, so it is expected that other increases will be announced later until YPF reaches the percentage that it requested for balancing its accounts. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 1621 GMT 4 Jul 94)

Ω Media Notes: Economic Reports

94P20952A

[Editorial Report]'Adjustment' in Banking Industry Predicted

Unless many banks in Argentina adapt quickly to more competitive market conditions, they will have to "change their business strategies and almost certainly begin a process of mergers or acquisitions," according to Eduardo Escasany, president of the Banco de Galicia and of the Association of Argentine Banks (Adeba). Argentine Banking Association (ABRA) President Julio Gomez thinks that even though provincial banks have already adapted well, "they still have a long way to go. They haven't made as much progress as private banks, but they have taken several steps, such as cutting personnel." According to ABRA Secretary Cesar Deymonnaz, the market is "overextended and there will have to be an adjustment at some point."

In spite of a 75 percent drop in the proportion of banking industry operational costs to deposits since 1990, the cost of labor in relation to total costs has continued to rise. Employee productivity in 1993—measured in deposits per financial institution—fell below 1980 levels, even though the number of institutions in the entire banking industry dropped from 469 in 1980 to 204 in 1993. "It is clearly not a matter of firing employees, but of making them more productive, of moving them from bureaucratic tasks to other areas..., such as customer relations or sales," said Gomez. (Buenos Aires LA NACION in Spanish 29 May 94)

Agricultural Investments Project

The Comafi Bank has launched an agricultural investment project to attract risk capital for Argentina's agriculture industry. According to project director Arturo Vicheller, the goal is to "improve profitability" for wheat, corn, sunflower, and soya production during the 1994-95 season on 20,000 hectares of leased fields, by using the "best production technology and economies of scale." To reduce climatic risks, four areas were chosen in the most select region in the Pampas. To compensate for possible price drops, the plan calls for the cultivation of "adequate" quantities of each product. Moreover, the management company Comafi Investments will hedge risks by using futures and options markets. To finance the project, the bank will sell shares to interested investors, with projected profits ranging between 20 to 30 percent after taxes, depending upon whether the investors are domestic or foreign and whether they are individuals or companies. (Buenos Aires LA PRENSA in Spanish 28 May 94)

Commission To Monitor 'Unfair' Trade Practices

The Argentine Government has created a Foreign Trade Commission to monitor potential threats to domestic industries stemming from unfair trade practices.

The commission has the following mandate:

- investigate and analyze damage to domestic production from unfair trade practices, dumping, or other irregularities;
- analyze the negative impact of an appreciable increase in imports on domestic production and evaluate the advisability of introducing "preventative" measures;
- propose measures to mitigate the damage;
- identify real or potential threats to domestic production.

The guidelines stipulate that the commission should seek to counter threats to domestic production while avoiding a protectionist approach.

According to sources from the Undersecretariat of Foreign Trade, investigations are currently under way in relation to import problems affecting the textile, iron and steel, chemical, and food industries. (Buenos Aires LA PRENSA in Spanish 25 May)

Bolivia

President Dedicates Bridge, Returns From Peru

PY0807024294 La Paz Television Nacional Network in Spanish 0100 GMT 8 Jul 94

[Excerpts] President Gonzalo Sanchez de Lozada returned from Peru a few minutes ago. We have a report on some of his activities in Peru yesterday. [passage omitted]

[Begin unidentified reporter recording] Today, Presidents Sanchez de Lozada and Alberto Fujimori went to Juliaca to dedicate the Huenques bridge, which is located on the Ilo-Desaguadero-La Paz highway. President Sanchez de Lozada said that putting this bridge into operation is the beginning of the great integration work of the continent, as this highway will serve to move products from Brazil, Paraguay, and Argentina. [end recording]

Japan To Finance Airport Modernization Project

PY0807020394 La Paz Television Nacional Network in Spanish 1700 GMT 7 Jul 94

[Text] We have good news for La Paz. The Japanese Government will finance the project for technological development of the El Alto International Airport. Today, the Japanese delegation handed over the studies for the basic design of the airport modernization project to the executive director of the airport service.

The financial support includes a control and security system and a highly developed communications system. The project also includes an air control center for flights to Bolivia, in addition to a meteorology system and the lighting system for the runways.

The Japanese assistance also includes the construction of a 24-meters tall tower on a surface of 38 square meters and the installation of the equipment. Airport services will not be suspended during the modernization process.

Brazil

Cuba's Castro Thanks Franco for Support at Summit

PY0707025394 Madrid EFE in Spanish 1736 GMT 6 Jul 94

[Text] Brasilia, 6 Jul (EFE)—The newspaper CORREIO BRASILIENSE reported today that Cuban leader Fidel Castro has sent a letter to Brazilian President Itamar Franco to convey his gratitude to the "sister country" for its proposal to end the 30-year economic embargo imposed on the island.

In the letter, which was received this week at the Brazilian president's office, Castro thanked Franco for having been the only president to propose at the Fourth Ibero-American Summit, held in mid-June in Cartagena de Indias (Colombia), that the economic embargo against Cuba be lifted.

At that time, annoyed by the fact that none of the Ibero-American leaders had mentioned in their speeches the hardships Cuba has endured as a result of the economic blockade, Castro "reprimanded" his Latin American colleagues for failing to show concern for the fate of the Cuban people.

Franco, who only attended one of the two days of the summit because he had to return home early following the death of his nephew Ariosto Franco in Cartagena, said in his speech that Ibero-American countries should revise their positions regarding Cuba.

CORREIO BRASILIENSE reports that in his letter, dated 25 June, Castro says: "Your speech came at an opportune moment, as an attempt was being made then to question our people's right to implement their concept of democracy and to decide their own destiny."

One week after the then OAS Secretary General Joao Baena Soares, who is also a Brazilian citizen, proposed that Cuba be readmitted into the OAS—a proposal that was endorsed only by the Brazilian foreign minister—Franco said in Cartagena that the Cuban issue should be approached with "dialogue and rapprochement rather than with exclusion and embargo."

Amorim To Visit Cuba to Discuss U.S. Embargo

PY0707155894 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 7 Jul 94

[Text] The main objective of Foreign Minister Celso Amorim's visit to Cuba, which begins today, is rapprochement between Cuba and the inter-American system. Within this context, Amorim will discuss future agreements in the scientific and technological and cultural fields.

The minister, who will leave for Cuba today, will negotiate several bilateral cooperation agreements in the above areas. The U.S. embargo on the island should also be on the agenda of the talks with Cuban leaders.

Amorim intends to discuss how to achieve rapprochement between the Cuban Government and the inter-American system, (?on the grounds that) the economic embargo is the last residue of the Cold War.

The Cuban Government is trying to negotiate a $30 million overdue debt owed to Brazil. The minister might also discuss a Cuban proposal to repay the debt with medicines.

'Cuba's Adhesion' to Tlatelolco Treaty 'May Be Imminent'

PY0707235194 Madrid EFE in Spanish 2035 GMT 7 Jul 94

[Text] Brasilia, 7 Jul (EFE)—Brazilian President Itamar Franco has confirmed to his Cuban counterpart, Fidel Castro, Brazil's interest in mediating in the readmittance of Cuba to the inter-American system and the OAS.

In a letter sent to Castro, the content of which was released by Planalto Palace today, Franco says: "Brazil reiterates its genuine desire to contribute to Cuba's reinstatement into the inter-American system."

The letter will be delivered to Castro by Foreign Minister Celso Amorim, who today began an official visit to Cuba.

Brazilian Foreign Ministry sources have confirmed that Amorim is making an unscheduled visit to Cuba from 7 to 10 July, during which he will reaffirm the Brazilian commitment to coordinate Cuba's readmission to the OAS and to fight to end the U.S. economic blockade against that country.

Condemning the blockade, Franco says: "Brazil has expressed its solidarity with the brave Cuban people, who face the challenges imposed by today's major political and economic changes. We have, therefore, sought to ensure that Cuban interests be treated fairly and in a nondiscriminatory fashion."

Franco adds: "The Cold War belongs to the past and all remaining consequences of it must follow suit."

Franco adds: "We believe useless confrontations should give way to the dynamics of dialogue (...). A representative democracy with full respect for human rights is today a basic rule of coexistence and an express condition within the inter-American system. Exclusions and isolations merely cause us to move further from this much desired goal."

After noting that Cuba would be in a much better position to renew its democracy after being readmitted into the inter-American system, Franco states that the Brazilian Government support for businessmen with commercial interests in Cuba or in making investments there reaffirm "our confidence in the process of economic reforms implemented by the Cuban Government."

The Brazilian president notes, however, that as a reciprocal gesture "that would be highly valued by my country and by the international community," Cuba should announce its adhesion to the Tlatelolco Treaty, which bans nuclear weapons in Latin America and the Caribbean.

A Brazilian Foreign Ministry source told EFE that an announcement of Cuba's adhesion to the Tlatelolco Treaty—which was already ratified by Brazil, Argentina, and Chile—may be imminent. He said this will be a significant gesture for the United States to revise its position regarding the Cuban Government.

Franco also notes that Brazil has proposed that the OAS should revise its decision to separate Cuba from the organization.

In a position that was only endorsed by the Brazilian Foreign Ministry, OAS Secretary General Joao Baena Soares stated that the OAS must revise its position because "the 1990's are unlike the 1960's." He made this statement during his opening speech at the 24th OAS General Assembly in Belem, Para State.

A week later, during the Fourth Ibero-American Summit of heads of state and government in the Colombian city of Cartagena de Indias, Franco stated in his speech that Ibero-American countries should revise their position regarding Cuba and called for the lifting of the economic blockade.

Amorim's trip to Cuba is prompted by a letter which Castro sent Franco last week in which he expresses his thanks for the Brazilian position.

Franco: Menem's Attitude on Economy 'Deeply Inelegant'

PY0807000694 Sao Paulo AGENCIA ESTADO in Portuguese 1632 GMT 7 Jul 94

[Report by Tania Monteiro]

[Text] Brasilia, 7 Jul (AE)—President Itamar Franco has said the attitude of Argentine President Carlos Menem is deeply inelegant. Menem criticized Brazil when—repudiating a protest against the Cavallo Economic Plan—he said the Argentine minimum salary is three times the Brazilian minimum salary. Menem pondered: "How many marches should be staged in Brazil, where the minimum salary is half an Argentine retirement allowance?" Franco replied: "President Menem forgot to mention that Brazil's GDP is twice as big as that of Argentina, that it has a much bigger balance of trade, a more stable economy, that our industrial park is not obsolete, and that our growth rate is 5.2 percent." Asked if, despite this, he will attend a Mercosur [Common Market of the South] meeting between 4 and 6 August, the Brazilian president replied: "If inelegances cease."

Amorin Meets GATT Director, Requests Aid

PY0807025594 Madrid EFE in Spanish 2324 GMT 5 Jul 94

[Text] Brasilia, 5 Jul (EFE)—Foreign Minister Celso Amorim today told GATT Director Peter Sutherland, who today began an official visit to Brazil, that the Brazilian Government is going to need technical assistance to fight unfair trade practices.

A Brazilian Foreign Ministry source has reported that during a meeting held today, Amorim asked Sutherland

for GATT technical assistance in order that Brazil might be able to identify and punish unfair trade practices.

Amorim, the source says, informed Sutherland that Brazil has no specialists in this field of work, and that it will need several professionals trained in this area by the time the norms of the Uruguay Round of the GATT talks—approved two months ago at the Marrakech, Morocco summit—go into effect.

In this respect Amorim stated that Brazil will need the support of the secretariat of the World Trade Organization (WTO), the multilateral organization that will replace GATT beginning in January 1995.

Sutherland also met with Deputy Inocencio de Oliveira, president of the Chamber of Deputies, which this week began discussing a draft bill designed to ratify Brazil's adhesion to the Uruguay Round GATT accord and to the creation of the WTO.

During a meeting with Finance Minister Rubens Ricupero, Sutherland discussed the electoral process to be followed in electing the first WTO director general.

Ricupero, a former Brazilian ambassador to GATT and chairman of the multilateral organization dealing with the "contracting parties," is hoping to be elected the first WTO director. Ricupero's candidacy has been endorsed by the Argentine Government.

Ricupero told Sutherland that his candidacy would stand a good chance as long as the election is based on technical and professional criteria rather than on political motives. A prevalence of political motives would benefit the other Latin American candidate, Mexican President Carlos Salinas de Gortari.

On 7 July, Sutherland will preside over the opening ceremony of the Third Euro-Latin American Forum, which will focus on regional integration problems, in the city of Sao Paulo.

IAEA Team Inspects Navy Nuclear Center

PY0807020794 Sao Paulo AGENCIA ESTADO in Portuguese 1256 GMT 7 Jul 94

[Article by Jose Maria Tomazela]

[Text] Sorocaba, 7 Jul (AE)—A technical team from the International Atomic Energy Agency (IAEA), headquartered in Vienna, Austria, has for the first time inspected the Aramar Research Center, a Navy facility in Ipero, 130 km from Sao Paulo. The center, where the Navy enriches uranium and is developing a nuclear submarine, was dedicated in 1988, and had been one of the Brazilian military's best kept secrets.

The inspection, which began last week, lasted five days and was officially concluded yesterday, 6 July. The inspection team was accompanied by technicians from the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials (ABACC). ABACC has regularly inspected the center since 1992, when the Brazilian Government signed a bilateral agreement with Argentina. The IAEA has more than 100 member countries, some of which have already mastered nuclear technology. During the inspection, physicists observed the incoming and outgoing material processed in the enrichment units, going from raw material—uranium hexafluoride—to enriched uranium pills.

According to ABACC Assistant Secretary Carlos Feu Alvim, there were no problems during the inspection, but the IAEA did not report the results. "The information that was gathered is being analyzed, but everything seems to indicate that the parameters that have been declared are being complied with," he said, adding that if there are irregularities the agency will demand measures from the Brazilian Government.

Alvim said that at this inspection, IAEA technicians were mostly interested in preventing any diversion of nuclear materials between the arrival of the material and its departure from the facilities. "In this regard, control measures are quite rigid, because quantities are checked at all processing stages," he said. Materials are controlled through closed computer systems, without any chance for changing recorded information.

The team also carefully searched for possible clandestine facilities or deposits. Technicians were also concerned about the degree of uranium enrichment. The facilities have been licensed for producing 20 percent enriched uranium. This is an appropriate concentration for, for example, moving the reactors that will equip the nuclear submarine. At higher concentrations, the material could be used for producing nuclear devices. "Aramar is apparently operating within normal parameters," he said.

ABACC inspects the Ipero Navy nuclear center once a month. Alvim said IAEA inspections, though less frequent, will also become a routine, "but the dates for inspections are not made public." According to him, the quadripartite agreement signed on 4 March by Brazil, the IAEA, Argentina, and ABACC establishes that the government should be advised of inspections one week in advance. The agreement preserves industrial secrets, closing access to the technologies that are used, for example, for the production of uranium enrichment ultracentrifuges. Aramar is already producing carbon alloy ultracentrifuges, which are the most sophisticated of its type.

Split Between Presidential Advisers Revealed

PY0707161794 Rio de Janeiro O GLOBO in Portuguese 6 Jul 94 p 16

[Article from the "Economic Outlook" column by Miriam Leitao: "Divided Palace"]

[Text] A struggle continues within the government between the "freezers"—those who favor price control—

and those who favor maintaining the economic plan as it is. Contrary to what one might think, this is not a fight between the economic team and the government house team. This time, the split between the two is less obvious and it divides the presidential advisers.

"People can only see the picture. The most important thing is to see the x-ray," says an adviser of President Itamar Franco. The x-ray shows that Justice Minister Alexandre Dupeyrat, ghost writer [preceding two words in English] Mauro Santayanna, presidential adviser Denise Paiva, and Senator Pedro Simon are clearly in favor of intervention in the economy through a price freeze or through a price list for basic staples. It is not by chance that they are campaigning against the Brazilian Social Democracy Party candidate.

Dupeyrat even reached the point of preparing an alternative provisional measure to create the real. Among other crazy economic provisions, Dupeyrat's measure established a temporary price freeze. Fortunately, the provisional measure ended in the waste basket by order of President Itamar Franco. Meanwhile, Presidential Secretary General Mauro Durante, Civilian Household Minister Henrique Hargreaves, and presidential adviser Augusto Marzagao defend the economic plan.

The issue is that the president is seriously concerned with abusive price increases, the excesses committed during the conversion of prices into reals, and the price increase of the basic family basket. The "freezers" insist that the best way to control these issues is to adopt forceful measures. This, by the way, would make the businessmen who increased prices very happy. A price freeze would leave prices the way they are now.

The other group has advised the president that it is necessary to allow some time for the economic plan, which is designed not to break contracts, not to harm the market laws, and not to become a short-lived economic plan.

The economic team has carefully advanced in this minefield. The economists of the team, primarily Gustavo Franco, president of the Central Bank, and Persio Arida, president of the National Bank for Economic and Social Development, caused a good impression in Planalto Palace last week. They were convincing. Finance Minister Rubens Ricupero has raised his voice against price increases to prevent measures being adopted in Planalto Palace.

The price freeze threats heard in the past few days must be understood in the context of the situation described above. The threat does exist, but the Finance Ministry is preventing it. It is within this context that Minister Ricupero's dramatic appeal to the consumers yesterday not to buy goods to force prices down must be understood.

Resumption of Coffee Exports Announced

PY0807033494 Sao Paulo AGENCIA ESTADO in Portuguese 2214 GMT 7 Jul 94

[By Aldo Renato Soares]

[Text] Brasilia, 7 Jul (AE)—Effective today and until 30 September, the government is again issuing coffee export licenses. Frederico Robalinho, secretary for commercial policy at the Industry and Commerce Ministry, announced that Industry and Commerce Minister Elcio Alvares will today sign a decree to that effect. The government suspended coffee exports on 27 June in light of speculation by exporters over the possible frost damage sustained by coffee crops in the main producing regions. The frost damage has forced the government to reduce its estimated production for the 1994-95 harvest from 22 million sacks to 17.5 million sacks.

Robalinho reported that the government is going to auction more than 5 million sacks of coffee from its own stocks up until May 1995. The government expects a low coffee supply in June and July of 1995 as a result of the crop reduction over the past four years and because of frost damage. Sales from these stocks will be made as soon as the 2.4 million sacks that have been for sale since May are gone.

Robalinho noted that all elements linked to coffee will be allowed to participate in future actions. At present only coffee processing companies are allowed to participate. He said: "The ideal thing would be to spread the sales around as much as possible." The next auction will be held on 13 or 14 July.

Robalinho also commented on the losses caused by frost to coffee crops in the central-south producing regions, especially in the states of Parana, Minas Gerais, and Sao Paulo. He said that instead of 22 million sacks, Brazil will be harvesting 17.5 million sacks of coffee.

Justice Minister Dismisses Drug Enforcement Head

PY0807033994 Rio de Janeiro O GLOBO in Portuguese 7 Jul 94 p 10

[From the "Swann" column by Ricardo Boechat]

[Text] Isaac Barreto, head of the National Narcotics Secretariat [Secretaria Nacional de Entorpecentes], was dismissed yesterday.

Barreto was personally dismissed by Justice Minister Alexandre Dupeyrat, who has already offered the post to Luis Mathias Flach, a native of Rio Grande do Sul State.

Barreto, who also presides over the National Drug Enforcement Council [Conselho Nacional de Combate as Drogas], was dismissed because of his statement that the government has lost control over the drug trafficking trade.

Activities of Landless People's Movement Described

94SM0388A Sao Paulo VEJA in Portuguese 1 Jun 94 pp 70-75

[Text] At the end of last year, the Landless People's Movement (MST) decided to hand out a token gift—a pocket-size appointment book, just like so many others except for the holiday designations. On most calendars, 1 January is a holiday for Universal Brotherhood. In the MST's book, it is the date of the People's Revolution in Cuba. On 22 April, the calendar notes the "invasion of Brazil by the Portuguese." The birthday of Karl Marx is shown as 5 May. The anniversary of the murder of the outlaw Lampiao is 28 July. The death of terrorist captain Carlos Lamarca was 17 September. The Russian Revolution is 17 October. The death of Carlos Marighella, founder of the ALN [National Liberating Alliance/Action], the country's largest terrorist organization, is marked on 4 November .

That souvenir calendar makes the Landless People's Movement an extremely modern phenomenon, greatly feared and little studied. Its top echelon is Communist-Christian. Some of the top leaders took political courses in Cuba; others were indoctrinated at a political training school in Cacador in the interior of Santa Catarina State. Its grass-roots base is immense and impoverished. The landless make life hell for ranchers, mayors, and state governors. They have been to Planalto Palace to debate their demands with Itamar Franco, and not long ago, when they tried to get money from the coffers of Finance Minister Rubens Ricupero, they served as the pretext for a procession of tanks and flyovers of helicopters in Brasilia. It is a peasant movement the likes of which this country has never seen. It has no well-known leaders like Francisco Juliao das Ligas, of the pre-64. It operates well outside the rural unions and, although born in Church communities, has distanced itself from the Church in order to invade (they prefer the word "occupy") farms and ranches. [Box p 70]

Some Figures

- 7.6 million hectares have been expropriated for the landless in the past 10 years. The area is equivalent to the states of Rio de Janeiro and Alagoas combined.
- 131,000 families have been settled on land in the past 15 years. They form a population equal to that of Natal.
- 16,700 families of landless are camping in areas that have not yet been expropriated.

"We are Radicals"

Its leaders unanimously worship at the altar of Luis Inacio Lula da Silva's PT [Workers Party], but have their own, well-defined interests. Their conversations begin and end with a single subject: land. As long as Lula repeats his promise to give land, the MST will do its utmost to repay him with votes. Cooking on rudimentary stoves and sleeping in tents of black plastic sheeting, 16,700 families are camping out at 91 sites all over Brazil, on the lookout for a farm. Already established in settlements that have received $50 million in official credit this year alone are 131,000 families.

Life in the camps is hard, but the reward of a plot of land makes it worthwhile. In 1991, researchers from the FAO [expansion unknown] and the Ministry of Agriculture made a pioneer study on settlements begun by the landless. The survey sample is not considered perfect. Experts in agriculture think too much weight was assigned to exceptionally successful settlements in the south of Brazil, the birthplace and backbone of the movement, to the detriment of less prosperous regions in the North and Northeast. Even so, the picture is more positive than negative. According to the survey, the average family thus settled has a monthly income of 3.7 minimum wages, which already puts them in a higher income bracket than 53 percent of Brazilians. Every year, the colonists produce 240,000 tons of corn, 310,000 tons of manioc, and 80,000 tons of dry beans. That does not break any productivity records. But the "landed's" dry beans would be enough, for example, to feed 1.5 million families for a year. Albeit imprecisely, those data reflect, to some extent, the latest developments in the rural Brazil of the poorest.

Legally, the MST is a mystery. Its headquarters are in a suite of offices loaned by the Church in a building in the Perdizes neighborhood of Sao Paulo. The MST publishes a monthly newsletter that has a circulation of 30,000 copies but it is not legally registered as such, and has neither bank account nor property in its name. It receives contributions from sources in Brazil and abroad. Every year, each settled family allots one percent of its income to the MST. But that money circulates through private accounts held by 15 organization leaders, chosen every two years at meetings attended by 150 elected delegates. One of those leaders is Joao Pedro Stedilli, 40, a native of Rio Grande do Sul. The son of a farmer, Stedilli once attended seminary, worked as a baker in Porto Alegre, and graduated in economics. Stedilli speaks:

"They say we are extremists. We are radicals. You need only read the official documents to understand the problem. The government itself reports that the 50 largest landholdings in Brazil add up to an area almost as big as Sao Paulo State. The government took a census of the number of people the landowners employ on that area, and it was less than 70,000. In 15 years, because of our pressure, the government has expropriated an area four times that size. But there you find 600,000 people, making their own living."

Stedilli gave the interview at the movement's national headquarters in Sao Paulo. On his desk, a gourd of *mate* tea. Behind him, one of dozens, if not hundreds, of photos of farmers holding scythes. Stedilli explained:

"Our movement is made up of the poor Brazilians. Here you find adults, women, little children, older kids. We

have Catholics, evangelical Christians, and at one camp we even found some aldermen looking for land. We of the Landless did not organize as a union because in a country like Brazil, unions are a place for men and adults. In the past 10 years, 1,200 farm workers have been killed. They spend their time in unions and when they get to be leaders the ranchers have them killed. We display our scythes to get respect. And we are respected. In the past 10 years, only five of us have been killed."

(Five military policemen also died. One of the victims, in Porto Alegre, had his throat cut.)

"Now or Never"

The landless are poor, but none of them beg by day and sleep under the overpasses at night. An example, just to give an idea: VEJA interviewed 20 landless people out of a total of 2,000 families who invaded the Jangada Ranch in the Sao Paulo municipality of Getulina last October. They were ultimately driven off the property four months later and are now camped beside a highway waiting for a chance to go back. We did not find any who did not have some means of support. There were two nurses' aides, a truck driver, an owner of a market stall, a stonemason's helper, and a great number of farmers and itinerant field hands. People earning minimum wage or less, or maybe a little more. Some own an old car and even a house. To understand who the landless people are, you need to think about the kind of middle-class Brazilian who leaves everything behind to go and wash dishes in the United States. He might actually be able to live better in Brazil, but he thinks there is no future here so he makes the sacrifice. Except that they endure much more concrete suffering, this is how a landless person thinks and acts.

In 1986, some friends invited Aparecido da Silva, 32, a stonemason, to participate in an invasion organized by the MST on land in Promissao, in the interior of Sao Paulo State. His wife was afraid, so Aparecido gave up the idea. His friends were settled a year later. They got 7.5 *alqueires* of land, planted crops, sold the products, and got ahead. Last year, Aparecido lost his job as loader at a shipping company. He found out that an MST leader was coming through Campinas, his home town, looking for people interested in getting land. "I thought to myself: It's now or never," Aparecido recalls.

Last October, the stonemason and the others entered the ranch. Thrown out by the Military Police, they folded their black canvas tents and set them up on the edge of the highway, where they are today. Life there is hard, and precarious. Two children have died, as have two adults. They live on donations. A priest sends 50 liters of milk a day for the children. After sending in the MP's, Governor Luiz Antonio Fleury Filho sent food baskets. The mayor sends trucks to take the children to the nearest schools. To supplement their budget, many look for odd jobs on nearby farms. Other families split up. One family member goes back to the city to find work while the others stay at the camp to hold their space. According to camp rules, a family that is absent for a week loses its place. Even so, half have already left, discouraged. Those who stayed do not know whether, even if the expropriation takes place, they will be entitled to a plot. There is room on the land for only 400 families, which means the rest will be left out. The selection will be done by lottery. The losers will be invited to participate in another invasion, and possibly another eviction, until they get permanent possession. Even so, settled down in his tent, stonemason Aparecido has improvised a shelter for his 1974 VW bug. He eats rice and eggs every day, but he is happy. "At the beginning all I wanted was a piece of land," he said. "But I've become politicized. In the city I was a nobody." Aparecido is a member of the camp's negotiating team. He has already met with Governor Fleury, walked the halls of ministries in Brasilia, and is reading Frei Betto's book *Fidel e a Religiao* ["Fidel and Religion"] about the relationship between the Cuban dictator and the Church.

There are other, similar, examples. Altair Vieira, 25, calls himself a socialist and always wears a t-shirt bearing a stamped photo of Che Guevara. "I read his books, which a priest lent me, and I became a socialist," he said. Despite the efforts by the bosses, it is easier than one might think to find people who voted for Fernando Collor [against Lula, in the 1988 election]. Many, perhaps the majority, just want their plot of land. Ademir Trecco, 29, a bachelor, voted for Collor in 1989. Now he would void his ballot. "I voted for him and I never want to hear any more about voting. People vote, vote, but nothing happens." Trecco does not believe Lula's promises. "He is not going to carry out any agrarian reform. I would rather just spoil my ballot." Trecco works as an itinerant farm hand for landowning families in Promissao who camped out for a plot of land in 1987. He picks cotton and castrates horses in the settlement and manages to earn 50,000 *cruzeiros reais* a month. When not working, he hunts armadillos, goes fishing, and plays soccer. He does not enjoy the political meetings at the camp. "All I want is the land," he said.

"Tough Life for a Year"

It takes from three months to a year to organize an invasion. The one at Getulina involved workers from 23 cities and lasted seven months. The landless chose their target about the same way as a resident of a large city looks for an apartment for his family. The farmers of the region, who know the properties well, feed the leaders information. The MST has an office in Brasilia that researches government files to detail the legal status of the area. "The government itself gives us information," said Gilberto Oliveira, head of that office. The next step is to make a reconnaissance of the area to be invaded. When they visited the Jangada Ranch in Getulina, the leaders decided the ideal move would be to also invade a small adjacent farm. That one had a spring, which would ensure the families a water supply. The precise area to be invaded is a secret shared only by the top leaders of the invasion. This is a way to keep the information from leaking to the ranchers. Then they have to prepare the

hearts and minds of the invaders, remind them that there is bound to be a confrontation with the police, an eviction, and that they may need to camp along the highway as a way of exerting pressure until INCRA [National Land Reform and Settlement Institute] declares the property unproductive and the Treasury releases funds to compensate the owner. "We need to prepare them for at least a year of tough times before they get the land," coordinator Gilmar Mauro explained.

During that phase, the landless also spend time at former "invaded" areas that have been expropriated and are now prosperous settlements. "We take the landless out to spend a Sunday on those sites. That way they can see how well the people have done and can learn from them how an occupation should be conducted," Mauro explained. The landless themselves usually finance their part of the undertaking. Every family buys food to last a month, and black tarpaulins for tents. They take up a collection and rent buses and trucks for the invasion convoy. The Church and the unions also lend vehicles. The landless are advised to take as few belongings as possible: a thin mattress, a blanket, some pans, dishes and utensils, two changes of clothes, a hoe, an ax, a pickax, and a large knife. Sometimes the invaders from several cities meet at a temporary camp set up on property owned by small landowners who support them. Before invading the Santa Rita Ranch in Rio Grande do Sul, from which 450 families retreated last week, the landless had camped for six months on a neighboring farm.

Old Rifles and a Bible

A unique kind of organization prevails at the camps. Each group of 20 families forms a basic unit and elects a coordinator who is responsible for representing them with the board that runs the encampment. The coordinators draft the internal regulations and elect an executive to handle the day-to-day affairs. Anyone who can tell the difference between a bad cold and indigestion may end up on the pharmacy committee. Whoever knows how to play an instrument is called on to serve on the entertainment committee, which organizes parties. The education team signs up the children and goes out looking for schools in the vicinity. Later, they contact the mayors to provide the transportation. The rules on behavior are strict. Creating disturbances is prohibited. Drinking is controlled. Using profanity in the presence of children is not allowed, and everyone must be in their tents when quiet time starts at 2200. Slandering one's neighbors is prohibited. Punishments range from public reprimand to expulsion from the camp.

The concern for security is an obsession. People are searched before they enter the occupied ranches. Every family group has a coordinator who assigns residents to take turns standing guard at night. If they notice any strange movement, the guards on duty shout. Others wake up and, scythes in hand, run out of their tents. There are some weapons in the camps that belong to the landless themselves, but usually not very many. At the Santa Rita Ranch there were two old rifles, 32 and 36 caliber. There the landless were awakened at 0600 by a loudspeaker installed in the center of the gathering. Every morning they heard readings from the Bible and received instructions for the day. After 10 days, they retreated. Now they are out on the highway, in the same tarpaulin tents.

The Great Agitator

Jose Rainha Junior, 33, from Espiritu Santo, knows Brazil from North to South. In 1987, he was in Rio Grande do Norte. Three years later, he was running around between Espiritu Santo and Ceara. In 1992, he divided his time between Parana and Sao Paulo. In all those places, Rainha had just one job—commander of land invasions. As one of the national coordinators of the MST, Rainha has now led occupations in 19 states. He lives on a "subsidy" paid by the movement, but won't reveal the amount. He takes part in all the stages of an invasion. He selects areas that could be occupied, rounds up the landless, organizes the invasion and, later, advises on running the camps.

Rainha did not sit down in a classroom and learn to read until he was 15. At age 24, after attending the base communities of the Catholic Church, he joined the Landless People's Movement. Now he recites from memory comparisons in land ownership structure between Brazil and China. In terms of rhetoric, he is among the noisiest of the MST coordinators. He says he does not preach armed conflict, "but neither do I rule it out." Last week, Rainha was near Paranapoema, in northeastern Parana State, leading a group of 2,200 families who invaded three nearly deserted ranches in March. "In this part of the country, there are a lot of jobless people who have nowhere to go. If they have a chance to get a piece of land, they won't give up," Rainha said. By court order handed down three weeks after the invasion, the 2,200 families were expelled from the place. Now, alongside the highway, they wait for INCRA to designate another area where they could be settled.

The Masses Department

As a professional invader, Rainha has both successes and failures on his resume. The last camp where he worked, in Porto Primavera on the border between the states of Sao Paulo and Mato Grosso do Sul, was a success. Almost a year after the occupation of the Sao Bento Ranch, INCRA has settled the 1,500 families. Dubbed the Union of Victory Camp, the settlement meant a tremendous victory. It was the tenth time that the landless had invaded Sao Bento, so it had taken them that long to win possession.

As head of the "mass action front department" of the MST, Rainha has had problems with the police and the courts. On 12 April, he was summoned to appear at the court in Paranacity, adjacent to Paranapoema. He was arrested and taken to Vitoria, in Espiritu Santo.

He was not released until 15 days later, when the Court of Espiritu Santo granted him a writ of habeas corpus. He went right back to the 2,200 families at Paranapoema. His arrest had been ordered by Judge Maria Aparecida Gomes, from the Espiritu Santo city of Pedro Canario, where Rainha is accused of committing two murders in 1990. He swears he was not even in the state at the time. "I was in Quixada, in Ceara," he argued. The MST accuses Sao Paulo ranchers of having chartered a plane to take Rainha to Espiritu Santo. "Those are ploys the ranchers use to demobilize the battle for the land," Rainha said.

Roundup of Economic Reports

PY0107210094

[Editorial Report] The following is a compilation of reports on economic activities monitored through 30 June.

The Brazilian GDP increased by 5.68 percent during the first quarter of 1994 as compared to the first quarter of 1993, and by 4.08 percent as compared to the last quarter of 1993. According to the Brazilian Institute of Geography and Statistics, IBGE, this is the best quarterly GDP increase since 1980. The GDP increase has not, however, improved the per capita income in Brazil, which has remained unchanged for the past 14 years. The IBGE reports that agriculture increased by 8.48 percent, industry by 6.18 percent, and services by 4.4 percent during the first quarter of 1994. Agricultural commodities increased by 11.01 percent, while animal production increased by 5.45 percent. Manufacturing industries grew by 7.59 percent; mineral production by 8.69 percent; construction by 1.17 percent; and industrial services by 2.59 percent. Services in the area of communications increased by 11.78 percent, in trade by 6.99 percent, and in transportation by 6.41 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1906 GMT 28 Jun 94)

The IBGE reported on 24 June that Brazilian industrial production rose by 2.7 percent in March, compensating for the 2.8 percent drop registered in February. In March 1994 the industrial sector grew by 7.3 percent with respect to March 1993, while in the first quarter of 1994 it grew by 7.7 percent with respect to the same period in 1993. (Sao Paulo AGENCIA ESTADO in Portuguese 1342 GMT 24 Jun 94)

Sao Paulo industrial production grew by 1.6 percent in May with respect to April, when production dropped by 4.2 percent. In real terms, sector sales grew by 7.3 percent in May with respect to April, when sales dropped by 13 percent. This information was released by the Economics Department at the Sao Paulo State Federation of Industries. Compared to May 1993, production grew by 1.3 percent, but sales in real terms dropped by 1.1 percent. The report says that salaries are 11.8 percent above the average salary level of the November-February period. In May, the accumulated use of installed capacity reached 75.6 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2344 GMT 29 Jun 94)

According to information to be released by the newspaper MEIO & MENSAGEM—MEDIA & MESSAGE—on 4 July, the Brazilian advertising sector grew by 47 percent between March and June with respect to the same period in 1993. The newspaper's director Jose Carlos Salles Gomes Neto estimates that in 1994 the sector's gross income will be approximately $4 billion, a growth of over 30 percent. He said that this is the best performance of the past four years. In 1993 the gross income of the Brazilian advertising sector amounted to $3 billion, with the "DPZ" and Salles Inter-Americana agencies topping the list with gross incomes of $43.5 million and $39 million respectively. (Sao Paulo AGENCIA ESTADO in Portuguese 2231 GMT 29 Jun 94)

The Itamarati Bank and the U.S. bank Donaldson, Lufkin, and Jenrette Securities Corporation, DLJ, have signed a contract for joint investment in the Brazilian telephone and telecommunications sector. Marcos Moraes, director of the Itamarati Group and son of businessman Olacyr de Moraes, said that the "telecommunications sector is the one with the greatest growth worldwide, and its development is relentless." He justified the association with the DLJ by saying: "This bank has know-how and is familiar with the international enterprises working in the sector." Eduardo Modiano, Itamarati Bank vice president for investments, said that initially the two associated enterprises' main client will be Constran, the Itamarati group construction company, which bought 23 percent of the Argentine satellite Nahuel. Constran is also part of a consortium with the U.S. company McCaw, the Portuguese company Marconi, and the Brazilian company Splice to work in private cellular telephone systems in Brazil. Modiano said: "We believe the telecommunications monopoly in Brazil will end." He added, however, that if this does not occur the two companies will work in data transmission via satellite, fiber optics, and other systems; in cable television; in paging; and in private telephone networks. (Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jun 94 p 20)

Cenpes, the research center of Petrobras, the Brazilian Petroleum Corporation, which is built over an area of 74,000 square meters at the Rio de Janeiro Federal University campus, has 164 laboratories and 25 master units in which over 40 projects are being developed with foreign oil companies and technological institutes. Over a five-year period Cenpes discovered that Petrobras had earned a return of $3.50 for every dollar invested in the projects that had originated in its laboratories. Petrobras annually invests 1 percent of its total income in research. From 1989 to 1992, Cenpes spent $604 million. The allocation for 1993 was $160 million, but Cenpes spent only $142 million. In 1994 the allocation is $181 million. Of the projects being developed by Cenpes, three are strategic for Petrobras: the program for technological innovation and advanced development in deep and very deep waters, Procap 2000; the advanced petroleum

recovery program, Provap; and the program for the development of strategic refining technology, Proter. For these projects $161 million will be invested between 1993 and 1998. (Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jun 94 pp 1, 9)

According to a report by the Brazilian Foreign Trade Association, at least 2.2 million Brazilian workers are directly involved in the production of exported manufactured goods, which last year yielded $29 billion. Every billion dollars' worth of exported products allows the opening up of 75,000 jobs in Brazil. The report estimates that the lives of approximately 10 million Brazilians are directly linked to Brazilian exports. Some enterprises sell most of their production abroad. For example, the Brazilian Aluminum Company exports 70 percent of its production, the Bahia Sul exports 50 percent of its production, while the Cutrale company sells over 50 percent of the juice it produces to the United States and Japan. In 1994 the machines and equipment sector exported goods worth $3 billion, and the car spare parts sector exported $2.5 billion worth. (Sao Paulo AGENCIA ESTADO in Portuguese 2205 GMT 29 Jun 94)

Figures reported by the Brazilian Association of Footwear Industries indicate that Brazilian leather shoe exports to Russia increased from $2 million in 1992 to $15 million last year. The association also reported that although leather shoe exports to the United States have decreased, Brazil is still the second largest supplier to the U.S. market. Brazil sold $1.3 billion worth of shoes to the United States in 1993, while the PRC, the largest supplier, sold $4.7 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jun 94 p 23)

Petrobras is again purchasing Iranian oil after a lapse of nearly three years; at the time Brazilian purchases stood at 100,000 barrels of oil daily. According to international oil market sources, the new contract provides for the purchase of 65,000 barrels of oil daily. Brazilian exporters are hoping the Iranians will start making purchases again from the Brazilian market, and resume overdue payments totaling some $40 million. (Sao Paulo AGENCIA ESTADO in Portuguese 1850 GMT 28 Jun 94)

The Getulio Vargas Foundation has reported that the inflation rate, as measured by the Market Prices General Index, IGPM, reached 45.21 percent in June. This figure is 2.3 percentage points higher than the figure for May. The increase was caused by the Consumer Price Index, IPC, which reached 48.2 percent in June and 44.02 percent in May, and by the Wholesale Price Index, IPA, and the National Construction Cost Index, INCC, which reached, respectively, 43.49 percent and 45.51 percent in June. The INCC reached 45.18 percent in May. The IGPM is an average value based on 60 percent of the IPA, 30 percent of the IPC, and 10 percent of the INCC.

During the first six months of 1994, the accumulated inflation rate reached 732.26 percent. In the past 12 months the accumulated inflation rate stood at 4,852.8 percent, a record for Brazil. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jun 94 p B1)

After the cabinet meeting held on 30 June, Mines and Energy Minister Alexis Stepanenko said that "the price of fuels will remain the same for at least one year, unless there is another war in the oil-producing countries or OPEC orders an unexpected increase in the price of oil." He added that "the energy and oil sectors will have to adjust to our plan rules." Stepanenko also said that the state-owned companies' payroll in dollars must be identical to last year's, and that "salaries can only be increased if some employees are dismissed, thus maintaining values at the same level." He concluded by saying that although previous administrations have used public utility rates to control inflation, the objective is that the "government render more and better services to the people by maintaining utility rates more stable, or even, if possible, by reducing them." (Sao Paulo AGENCIA ESTADO in Portuguese 1832 GMT 30 Jun 94)

It has been reported that as a result of recent frost, the prices of vegetables and fruits have increased by 27.4 percent in the week ending 28 June, with an accumulated increase of 60.7 percent over the last four weeks. Grains have gone up 6.7 percent during the same week, and 30.4 percent over the four last weeks. Beef prices, however, did not go up during this week, while its accumulated increase over the last four week has been 30.4 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 1647 GMT 29 Jun 94)

Chile

Government Offers To Send Advisers to Haiti

PY0707143494 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 7 Jul 94

[Text] Chilean Foreign Minister Carlos Figueroa has said that the Chilean Government is willing to help restore democracy in Haiti. In view of this, it has offered advisers to organize the Haitian state apparatus and its economy.

[Begin recording] [Unidentified reporter] During their meeting in Washington, President Clinton clearly requested of President Frei the Chilean Government's support for an eventual invasion of Haiti.

Haiti is a country that has completely disintegrated. There is hunger and terror. None of its institutions are operating. There is no health system, no justice system. The military remain in power through General Raoul Cedras' fierce dictatorship.

According to a report issued by Luis Larrain, Chilean ambassador to Haiti, one of the few diplomats who remain in the country, compliance with human rights is nonexistent. It adds that mutilated bodies are left on the streets to increase fear among the people. One thousand people take to the sea every day, while the refugee camps

in Miami, Panama, and Guantanamo are overcrowded with hundreds of thousands of refugees. An invasion, therefore, is imminent.

[Figueroa] We categorically support an invasion if it entails a multilateral action against Haiti by both the OAS and the United Nations.

[Reporter] The United States also requested Chilean military support, but neither the Army nor the government are planning to send troops to Haiti. Chile will help to restore democratic institutions.

[Figueroa, in progress] ...will cooperate in areas such as the reorganization of the police, justice, health organizations, the economy, etc.

[Reporter] In view of the dangerous situation in Haiti, Chilean Ambassador Luis Larrain has been authorized to leave the country whenever he sees fit. [end recording]

U.S. Relations in Global Context Evaluated

PY0807011494 Santiago EL MERCURIO in Spanish 27 Jun 94 p A2

[Article by Pablo Cabrera Gaete, director of the Foreign Ministry Special Policy Department]

[Text] The 1990's has lead international dialogue to focus on global issues. This global view was first conceived in purely economic terms, but it has subsequently demanded political answers from the international community, urging countries to readjust and reorient their bilateral and multilateral relations.

Those relations were stimulated by the technological revolution that prompted improved communications; it incorporated new characters, events, and circumstances which, in turn, created new guidelines in international relations. Within these relations, the main issues refer to the promotion of peace, environment, trade (Uruguay Round of the GATT), drug trafficking, terrorism, etc., and also the problems of development without disregard for important issues like democracy and human rights.

In light of this new world situation, the responsibility assumed by the United States imposes an urgent need to deliver valid and coherent answers to satisfy the requirements derived from this globalization. Obviously this task cannot be undertaken by a single country, not even by a region. This is why the United States faces the 21st Century trying to find dependable partners—beyond the traditional ones—to join the difficult crusade of adequately facing the problems of the new century.

Within this context, Chile appears to be an important partner in the Latin American region for the construction of a new plan for cooperation and peace. Our country is based on a solid democratic structure and a healthy and prosperous economy. This gives Chile the credentials to participate adequately in a different international situation. Thus, Foreign Minister Carlos Figueroa's visit to the United States right after the new administration was inaugurated becomes important.

Trade, security, disarmament, and nuclear nonproliferation are issues that can be included in the "diplomacy for development" that is sponsored by President Eduardo Frei's Foreign Ministry. The ratification of the Tlatelolco Treaty, with the corresponding negotiation of comprehensive safeguards with the IAEA [International Atomic Energy Agency], is a good example. Chilean participation in initiatives and treaties to regulate and organize a harmonic international coexistence is a basis for confidence in Chilean behavior on the issue of nuclear nonproliferation, which includes a serious evaluation of the benefits of the peaceful use of nuclear energy.

Within this plan, it should be noted that Chile has been directly linked to the peace-keeping missions of the United Nations in various parts of the world. There is the will to continue to participate, and new ways are under study based on the value given by Chile to the peace agenda sponsored by the United Nations.

The issue of the environment has become essential to the expansion and strengthening the Chilean-U.S. relations. The UN-sponsored Earth Summit held in Rio de Janeiro in 1992 was a cornerstone in the rapprochement of states on this matter. Agenda 21, which was based on the concept of sustainable development, is becoming the "leitmotiv" for implementing policies to adequately satisfy the obligations imposed by globalization on the issue of the environment.

Chile and the United States share these principles and, even though their standards and programs are at different stages, the issue of the development of relations is especially important with regard to future trade negotiations between the two countries, either through NAFTA or through a bilateral agreement. The gradual implementation of policies by our country is certainly related to its capability to strengthen our development in a broad concept.

The concept of "development" requires urgent and effective treatment. The Chilean initiative to summon a world summit on social development is part of a government desire to face the problem of poverty, the outcome of which jeopardizes world peace and security. It should be noted that development, considered in global terms, covers broad aspects and has precise objectives in the preparation of joint strategies. Within Chilean-U.S. relations, the concept of development has to be basic if we are to agree on real actions. Therefore, in political terms, this development must be overall, in other words; it should incorporate the state as a whole. The economic-social aspect must be equally beneficial for the biggest sectors, specifically the poor, and on the environmental issue, it should be projected on sustainable and broad bases in relation to resources and other factors. Negotiations related to the sea, airspace, earth resources, minerals, etc., should also be based on this criteria. In sum,

it should include all the issues of globalism and respond to the Chilean proposal of "open regionalism."

Development goes hand in hand with education. This is why any joint initiative between the United States and Chile under the mentioned terms must include the realization that access to technology, research programs, and knowledge are basic components for building a solid and fruitful relationship. Thus, the initiative announced by President Frei at the recent Ibero-American Summit in Cartagena de Indias should be considered.

The upcoming meeting of the Chilean and U.S. presidents has a special meaning based on what has been said. President Eduardo Frei is going to Washington with the knowledge that our country is emerging as a coherent partner, ready to carry out important actions in the face of new challenges and demands of the current international situation. The Chilean proposal on every issue, in addition of being inspired by a profound Latin American spirit, incorporates suitable criteria in accordance with modern times, and the interest and independence of the country. This implies understanding that globalism is consubstantial with development.

Bolivian Consul Interviewed on Ties, Trade

PY0707194794 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 7 Jul 94

[Interview with Herman Antelo, Bolivian consul general to Chile, by Alejandro Guillier at the Television Nacional de Chile studio in Santiago for the the "24 Horas Morning Edition" program—live]

[Excerpt] [passage omitted] [Guillier] Are there any possibilities in the long or short term for Chile and Bolivia to resume full diplomatic ties?

[Antelo] This will depend on reciprocal signs. This is an issue that must be viewed calmly. Undoubtedly, however, if the proper conditions prevail, diplomatic ties must be resumed.

[Guillier] In your view, why have Chilean-Bolivian diplomatic ties been so complex, so difficult?

[Antelo] I believe it is because we know very little about each other and because we have allowed our prejudices to prevail over the truth. It is incredible how Chile's image is distorted in Bolivia and vice versa.

I believe if we get to know each other better, at the cultural level, through bilateral trade, and at the human and political levels, this situation in our bilateral relations will change.

Nevertheless, Chilean-Bolivian ties are fluid because there is much intermarriage, student exchange, and numerous business transactions. This situation is inexplicable and it can only be blamed on existing prejudices.

[Guillier] I understand you are planning to hold a Bolivian cultural week in Chile?

[Antelo] Yes, we are planning to hold a Bolivian cultural week from the 1st to 7th [month not specified]. The plan is for this exhibit to show a new Bolivia for Chileans, to show the diversity of Bolivia, which is not centered solely in the Altiplano region, or the stereotype of Lake Titicaca, or the Condor. Bolivia is a country with valleys, tropical regions, with industries, with an intellectual and artistic heritage. In sum, the plan is for the exhibit to show many things about which average Chileans are unaware.

[Guillier] Let us view economic issues, which are at the center of the most recent discussions. Does Bolivia support the idea of establishing a large commecial zone encompassing the northern Chilean and northwestern Argentine regions?

[Antelo] I believe Bolivia and Chile complement each other at the economic, cultural, and social levels. At the commercial level, I believe the northern Chilean region depends as much on Bolivia as we depend on northern Chile to have a natural access to the Pacific Ocean. In view of this, any strengthening of trade relations will have a positive impact on both countries.

[Guillier] I understand there are Chilean businessmen who are investing heavily in Bolivia. Do you have any idea of the level of Chilean investment because nothing is known about this in Chile?

[Antelo] No, we have no idea about the magnitude of this investment, but we are aware there is an increasing influx of Chilean investments. There is great interest among Bolivian businessmen in associating with Chileans and vice versa. In fact, the flow of trade has experienced a tremendous increase. Although there is an imbalance in bilateral trade in view of....

[Guillier interrupts] What are the total figures on hand?

[Antelo] In 1993, Chilean exports to Bolivia totaled $140 million. Bolivian exports to Chile totaled one-tenth of this figure and it mainly encompassed agricultural products such as soybean, soybean flour, and the like.

[Guillier] Which Chilean economic sectors are of particular interest to Bolivia?

[Antelo] Bolivia is currently involved in a capitalization process of state-owned companies. It is involved in the capitalization of its most important companies like the national airline company, the telecommunications company, the railroad company, the electricity company. All of these are vast fields for foreign investments, including Chilean investments.

[Guillier] What can Bolivia offer Chile, for example?

[Antelo] Many things, many products. In agroindustry, for example, all tropical products that Chile imports from Central America, or Ecuador. All these can be acquired from Bolivia. As I have already stated, soybean is a product that is exported in large volumes from

Bolivia. Gas, for example, is an issue of utmost importance for the development of the northern region of Chile. When we speak of gas, we are talking about important amounts that may balance our trade balance.

[Guillier] I want to discuss an issue that is always overshadowing Chilean-Bolivivian ties. Is it feasible to think about the establishment of a large free trade area without considering the issues pertaining to Bolivia's landlocked situation and a sovereign outlet to the Pacific Ocean?

[Antelo] I believe it would be inconsequential to think about vast and increasing trade relations without considering Bolivia's outlet to the Pacific Ocean. I believe Chilean investors will always feel uncertain if a problem remains unresolved. The sea outlet issue, having a sovereign access to the sea, the maritime problem, is an unresolved issue. We are not trying to impose anything, but we want to discuss it as such and find answers.

I believe, therefore, that no trade relations or economic ties will be calm while an unresolved problem persists.

[Guillier] Thank you very much. We have just interviewed new Bolivian General Consul Herman Antelo, with whom we discussed an issue of increasing concern for Chileans: The integration of the Chilean northern region with Bolivia and northwest Argentina, which can also become a large door for other countries such as Paraguay and Brazil.

Colombia

Government 'Has Not Ruled Out' Receiving Refugees

PA0807013094 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 8 Jul 94

[Report by Maria del Pilar Ortiz from the "24 Hours Newscast"]

[Text] Every day, hundreds of Haitians are fleeing their nation in search of a better future. Yesterday alone, 1,500 were intercepted by the U.S. Coast Guard. All the refugees are asking for is that their families are not separated. Panama said it would receive those requesting asylum, but what really is worrisome is that Colombia has not ruled out taking in Haitians who request asylum.

[Begin recording] [Ortiz] Will we open the doors to Haitians?

[Foreign Minister Noemi Sanin] This has to be submitted to the Advisory Board because obviously there are two very important issues here: the principle of democracy—in other words, the need to reinstate President Aristide—and the need to help these people end the difficult circumstances they are facing in areas such as poverty, health, and education.

[Monsignor Pedro Rubiano, president of the Colombian Episcopal Conference] We must remember something very important—something that Colombia must not forget: When Colombia became independent, what country took in the liberator Simon Bolivar? Was it not Haiti? Why do we not open our eyes and truly see what these men, women, and children, who are dying, are going through? [end recording]

While Haiti's case is a topic of discussion in the Third World, it is a fact that the United States will not grant political asylum to any Haitian boat people. But according to the Clinton administration, the United States will help them reach shelters in other countries. According to what the U.S. Government has said, the Haitians will not have to comply with tough rules, such as proving political persecution, to obtain asylum. This requirement is for entry into the United States.

Sanin Responds to U.S. State Department Report

PA0807020594 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 8 Jul 94

[Report by Susana Lievano from the "24 Hours Newscast"]

[Text] The Foreign Ministry has stated that the U.S. State Department document that arrived at the Colombian Foreign Ministry, which according to some reports is a protest note over Colombia's management of drugs policies, is only a 15-page report explaining the drug strategy and U.S. aid to Colombia in 1995.

[Begin Foreign Minister Noemi Sanin recording] It is not a warning; it is a document with points of view which, I repeat, we do not share in most cases. They are worried that Colombia may be lowering its guard in the struggle against drug trafficking, but that is not true. We continue with the same political resolve and, fortunately, with ever more positive results. [end recording]

According to U.S. Embassy sources, the document includes a list of requirements for the aid program and preferential treatment that the United States sends every year to all countries that have received U.S. Government certification. Colombia has been asked to fully comply with the document to receive economic aid for the struggle against the drug scourge. Nevertheless, the minister has her doubts about several of the points:

[Begin Sanin recording] Colombia has much to show. We have shown results; we have fought; we have been efficient, and we have also had certain difficulties with U.S. cooperation, such as the radar. [end recording]

According to the minister, Colombia can prove two things: that it has not lowered its guard and that it has not been given international aid.

The Colombian church also expressed its opinion. The president of the Episcopal Conference said that not all the responsibility can fall on Colombia, and therefore too much cannot be asked.

[Begin Monsignor Pedro Rubiano recording] The hypocritical mask must be removed. They must assume their responsibility, and Colombia will assume its own. [end recording]

[Santa Fe de Bogota Inravision Television Cadena 1 in Spanish broadcasts another report later in the same "24 Hours" newscast which states that "Police Director General Octavio Vargas Silva will show a video to the U.S. Senate which proves how Colombia conducts drug operations against the Cali Cartel."]

Ecuador

Government To Sue Texaco For Amazon Pollution

PA0707125594 Quito Voz de los Andes in Spanish 2300 GMT 5 Jul 94

[From "The Voz Andes Newscast"]

[Text] Energy and Mines Minister Francisco Acosta has said the government will file suit against the U.S. petroleum company Texaco for environmental damage to the Amazon region. Acosta told Congress that a technical study has shown that the company's activities over 26 years have damaged the environment and the communities in the Amazon region.

When compensation was demanded of Texaco, the company replied that it would pay only if a previous agreement signed with the state-run PETROECUADOR [Ecuadoran State Petroleum Enterprise] is honored. The agreement provided that 62.5 percent of the operation would be controlled by PETROECUADOR, which used to be known as CEPE [Ecuadoran State Petroleum Corporation], and 37.5 percent by Texaco. Ecuador did not accept Texaco's conditions, arguing that the U.S. company, not PETROECUADOR, was in charge of the consortium's operation.

Vice President: Economic Program a Success

94SM0381A Quito HOY in Spanish 28 May 94 p 3A

[Text] The government has met the objectives of the macroeconomic and stabilization programs without requiring the Ecuadoran people to make sacrifices in terms of real income. This was stated by Vice President Alberto Dahik.

The second ranking figure in the government, who closed the second annual conference of Latinfinance [Latin American financial conference], stated that "the macroeconomic program prudently combined economic adjustments and a successful stabilization policy without requiring the Ecuadoran people to make sacrifices in real terms and in the purchasing power of their incomes."

He stated that for the first time in many years in Ecuador the real incomes of the people have significantly increased, which has been recognized by the International Labor Organization (ILO).

The vice president stated that during the present administration the percentage of incomes in terms of Gross Domestic Product [GDP] has been successfully increased, and the purchasing power of incomes has risen, including an increase in real incomes.

Vice President Dahik stated that the macroeconomic and stabilization programs have been a "complete success." As a result, he invited domestic and foreign investors to feel confidence in the country.

The vice president said that the macroeconomic program which Ecuador has followed made it possible to achieve adequate conditions for investment, a decline in inflation, a solid position in international monetary reserves, a significant increase in borrowing capacity with multilateral organizations and with the governments of friendly countries, and to complete the renegotiation of the Ecuadoran external debt under terms and conditions highly advantageous for the country.

He emphasized the fact that the government, in addition to completing the macroeconomic and stabilization programs, has succeeded in having scheduled legislation passed, including laws providing for a stock market and financial institutions as well as a law concerning the budget. Regarding reforms in the petroleum law, Vice President Dahik stated that these eliminated longstanding distortions and disincentives which existed until recently in the Ecuadoran economy. These distortions caused serious economic and political damage to the country. One of these distortions was the system of fixing fuel prices which in the past led to subsidies amounting to about $10 billion since 1975.

The vice president said that a program for the modernization of the state has been undertaken, which is a complement to the stabilization program. This program involves privatization, disinvestment in state-owned companies, the end of state monopolies, and a reduction in the bureaucracy.

The vice president stated that there has been a notable decrease in the size of the state. He said that the number of public employees has been reduced without causing a social disaster "through the use of essential prudence in undertaking the process of economic adjustment, successfully lowering inflation, and stabilizing the economy."

In the vice president's view, the fact that the country has changed its international financial image, through the renegotiation of the debt held by private banks, will have a positive impact. This will ensure that the assets of the companies being privatized will increase in value.

The government plans to send to Congress a draft bill on telecommunications and the electricity industry. This is basic legislation for beginning the process of privatization in those two sectors.

The government will continue to follow a program of firmness in fiscal policy. As a result, Ecuador will lay solid foundations for continued growth, Vice President Dahik continued.

Vice President Dahik said that during May 1994 inflation amounted to 26 percent on an annual basis, a figure which confirmed the success of the macroeconmomic program followed by this government.

He emphasized that "when the government entered office, the inflation rate was 60 percent." (In reality, inflation in August 1992 was 53 percent.) The government has succeeded in reducing it to less than 30 percent.

Dahik announced that in May 1994 the cumulative inflation rate on an annual basis will be 26 percent. He recalled that for many years the country went through a prolonged inflation estimated at 50 percent [annually] and that "only this government has been able to reduce it through a policy of fiscal discipline."

Composition of National Congress Outlined

94SM0381C Quito EL COMERCIO in Spanish 7 Jun 94 p A-3

[Text] No political party will have an absolute majority, and, therefore, control of the National Congress for the 1994-96 legislative term.

The results of the most recent popular elections confirm the fact that the Social Christian Party (PSC) is the largest grouping. This will make it possible for it to continue to have the largest number of deputies in parliament—25 members: three elected nationally and 22 recently elected, provincial members.

The leaders of the PSC insist that their party is the leading electoral force in the country.

The second largest parliamentary group—in terms of numbers—is the Ecuadorian Roldosist Party (PRE), with 10 elected, provincial members and one elected nationally. In the view of many observers the PRE is slowly losing ground in the elections.

In third place is the Democratic Popular Movement (MPD), with eight deputies: seven elected, provincial members and one elected nationally. The MPD has an appreciably larger number of representatives, compared to previous sessions of Congress.

Then come three political parties with an equal number of deputies: six elected, provincial members and one elected nationally for each. These include the Democratic Left (ID) and Popular Democracy (DP), both of which have lost some popular support, and the Conservative Party which, on the other hand, has somewhat increased in strength.

Then follow seven minority groups made up of one or two deputies, representing political parties which apparently are declining in strength, with the exception of the APRE (Ecuadorian Revolutionary Popular Action) which, under Gen. Frank Vargas, succeeded for the first time in electing two deputies in the Province of Pichincha.

Among these minority groups are also two nationally elected deputies, considered independents, because they abandoned the political parties whom they were elected to represent. In the National Congress for the 1994-96 term 13 political parties and the two independent deputies will be represented.

Democratic People's Movement Party Analyzed

94SM0381B Quito HOY in Spanish 1 Jun 94 p 4A

[Article by Felipe Burbano de Lara: "The Enigmatic MPD"]

[Text] It is difficult to place the MPD [Democratic People's Movement] in the national political context and to know what it represents and what its aims are. For the moment we know that in the next Congress it will have a large group of deputies. According to Juan Jose Castello, one of its leaders, this will make it possible to build a parliamentary majority, which is a great deal.

In a recent interview with HOY, Deputy Maria Eugenia Lima contributed very little to clarify the confusion for us. She defined the MPD as a party "of the revolutionary Left," but not a Marxist group. She called it an ideological party without long-term programs. (Although its goals, according to Deputy Lima, point toward its forming the government—through socialism!) As a legalized party—not a secret organization and neither clandestine nor with a centralized, operating structure—and with the PCMLE [Ecuadorian Marxist-Leninist Communist Party] as a kind of parallel arm, it has revolution as its goal, according to Deputy Lima.

It seems, then, that there are two MPD's: one which operates within the structure of the country's political system and another one which does not do so. One which is aimed at "fundamental reforms" to create future conditions for a struggle by socialists, and another one which aims at revolution—and at socialism, it must be supposed. One which has no long-term program but which operates within the present context in terms of an immediate reaction to claims, and another one which does have a long-term program. One which combines the Parliamentary struggle with the people's struggle, and another which operates on the plane of agitation.

Like all electoral phenomena in Ecuador, the success of the MPD in May is full of question marks which always raise some doubt. Is this a passing phenomenon which is

volatile, temporary, and a product of this moment, or has the MPD been able to occupy the whole spectrum of the Left, which was previously divided and dispersed into various groups? Has its insistence on radical, challenging, and class-oriented terminology—when other parties of that same kind have abandoned this kind of rhetoric—converted it, in the minds of the country, into the only force on the Left?

It is difficult to answer these questions, but there is no doubt that these two MPD organizations complement each other. The focus on the immediate situation of one of its factions (which operates in an atmosphere of legality and which has no long-term proposals to make) makes it possible for it to challenge the existing order for the moment. It makes it possible for it to respond to each initiative taken by the government. For example: reaching agreements with God and the Devil in terms of the context of the moment. (The ongoing dialogue of the MPD with the PSC [Social Christian Party] is well-known, for example.) It makes it possible and it requires it to make specific efforts on behalf of one of its constituent organizations (the teachers, for example). It makes it possible, in short, to carry on an assertive program of political action. The MPD is always fooling around with something.

The other faction, however, breathes that messianic and sectarian spirit which it has always exhibited, that spirit which strengthens its focus on immediate action and gives it sense and support. That other MPD continues to think of socialism, of Marx, of class, and of historical determinism. The scenario, the participants, and the goals are the same. Only the historic period of the struggle has changed. Previously, they fought for socialism. Today they also do so but recognize that this moment—an act of messianic cleverness—is a preliminary phase. (No one knows which phase. This is kept secret from its own sense of morality.) This other MPD is uncompromising, sectarian, dogmatic, closed, and composed of street brawlers and agitators.

No one knows how far this political party can go. However, it appears clear that in the next Congress, more than ever, it will act in a convincing way, sure of itself. It has tried out all possible maneuvers to find a place, a niche. Having done this, it will do everything within its reach to expand it and to radicalize its program of struggle.

Paraguay

Wasmosy Meets John Major, Signs Agreement

PY0707221694 Asuncion ABC COLOR in Spanish 7 Jul 94 p 10

[Report by Armando Rivarola]

[Text] London, England—President Juan Carlos Wasmosy yesterday met with British Prime Minister John Major and he signed a memorandum on drug trafficking enforcement. The Paraguayan president will return to Asuncion this morning, thus ending his five-day visit to the United Kingdom.

Wasmosy met with Major on his last day in the United Kingdom. The two leaders signed a document in which they commit their nations to fight drug trafficking. The memorandum seeks to establish a mechanism for the exchange of information and to obtain the United Kingdom's cooperation in the fight against trafficking because Paraguay is known as a drug-transit country. Wasmosy was received by Major at his official 10 Downing Street residence. The two leaders talked about Paraguay's current political and economic situation, particularly the privatization program and the possibilities for British investments in the country. Yesterday Wasmosy met with Douglas Hurd, secretary of state for foreign and commonwealth affairs, and officials at "Canning House," an institute created to strengthen links between the United Kingdom and Latin America.

Integration Minister Hugo Saguier Caballero said the trip permitted a review with British officials of questions already discussed at the ministerial level. He said the chief of state sought to present to the United Kingdom the image of a country with political stability, with a project for an open economy, and with the Common Market of the South (Mercosur), which comprises Paraguay, Argentina, Uruguay, and Brazil.

Saguier said Mercosur, with a market of 200 million inhabitants, will implement a customs unification as of 1 January 1995, adding that this fact aroused British interest.

Wasmosy stressed that Paraguay "has abundant and cheap energy. We are one of the greatest electric energy producers in the world, through the Itaipu hydroelectric project with Brazil and the Yacyreta hydroelectric project with Argentina," the minister said.

Saguier added: "England was strongly represented in Paraguay in the past century. We want that presence back through British investments."

Saguier Caballero said the Corpus hydroelectric project is being studied by a British consulting firm and that it will be built through the system of public works concessions. The minister added that an international bid will be called next year.

Regarding the privatization program, Saguier said "the government wishes to privatize all that is not indispensable and all that is not a government function. In this way we can concentrate all our efforts on improving fields where the government has a responsibility such as education, health, and communications."

"One way to fight corruption is to cut subsidies for certain companies," Saguier said. During his stay in England, Wasmosy met with Trade and Industry Secretary Michael Heseltine; Gillian Shephard, agriculture, fisheries, and food minister; and Environment Secretary

John Gummer. The president met with Prince Charles and representatives of the financial world and the British media. Accompanying the head of state were Industry and Commerce Minister Ubaldo Scavone, Agriculture and Livestock Minister Arsenio Vasconsellos, Integration Minister Saguier Caballero, and Adviser Carlos Mersan, among others.

Wasmosy Returns From UK, Holds News Conference

PY0807021494 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 0000 GMT 8 Jul 94

[Excerpt] President Wasmosy returned to our country at noon today. During a news conference he reviewed his visit to the United Kingdom.

Concerning our country, the president denied that he had exerted any pressure to have the IPS [Social Security Institute] board of directors chairman resign. He announced the approval of a loan totaling millions of dollars to promote industry.

Upon returning to our country, President Wasmosy reported on the negotiations to implement bilateral trade with the United Kingdom and technical cooperation projects.

Negotiations are under way for the approval of the Hilton quota for Paraguay to export meat at favorable prices.

[Begin Wasmosy recording] For you to have an idea of this issue, we are selling meat at $1,500, while our meat packing plants may collect $5,000 per metric ton for the same meat. [end recording] [passage omitted]

Roundup of Economic Reports

PY0707205694

[Editorial Report] The following is a compilation of reports on economic activities monitored through 7 July.

The Bolivian and Paraguayan foreign ministers, Antonio Aranibar Quiroga and Luis Maria Ramirez Boettner respectively, signed on 25 June a trade agreement between the two countries. The agreement approves a list of 38 Paraguayan and Bolivian products that will be traded duty free, and a list of 50 products that will pay a 50 percent customs duty. Bolivia is not part of the Common Market of the South, Mercosur, but the agreement is allowed under a Common Market Group resolution. The Bolivian foreign minister said the agreement "will serve the purpose of increasing trade" and "promoting the integration of our economies and our peoples." (Asuncion ABC COLOR in Spanish 26 Jun 94 p 19)

On 1 July President Juan Carlos Wasmosy sent a message to Congress forecasting that inflation this year will not exceed 15 percent, and adding that during the first five months of the year revenues were 53.7 percent higher than during the same period last year. The president pointed out that inflation was 3.1 percent in January, 2.9 percent in February, 1.9 percent in March, 1.1 percent in April, 0.5 percent in May, and 0.5 percent in June. The president said that this year the country obtained loans worth $346 million, adding that the money will be used for electricity programs, improvements to the satellite ground station, agricultural development and national resources preservation, road and housing construction, the strengthening of municipal organizations, and primary education programs. The president said that from the end of February to 17 June the monetary base increased by 20 percent in nominal terms, particularly due to an increase in net external assets, which increased by 42.1 percent, while net internal assets dropped by 42.3 percent in nominal terms. The message says that currency in circulation increased by 9.3 percent during this period. The president also said that exports for the months of March, April, and May dropped by 13 percent, while imports increased by 83 percent compared to the same period last year. (Asuncion ULTIMA HORA in Spanish 1 Jul 94 p 9)

Central Bank President Jacinto Estigarribia yesterday announced that June's inflation rate was 0.5 percent and that total inflation for the first semester reached 10.3 percent. Estigarribia said that inflation is being brought under control thanks to strict monetary control, a fiscal surplus, and the stability of the financial and foreign exchange markets. Estigarribia also said that national reserves at the end of June stood at $983 million. (Asuncion ABC COLOR in Spanish 1 Jul 94 p 15)

Peru

Ω Fujimori's Statements at Cartagena Viewed

94P20947A

[Editorial Report] President Alberto Fujimori's unconditional opposition to military interventions, as expressed at the 14-15 June Ibero-American Summit, met with strong disapproval in the opposition daily LA REPUBLICA. His anti-U.S. stance was seen as an indicator of things to come at the Summit of the Americas later this year.

In an editorial entitled "Fujimorism Versus Democracy" the center-left daily LA REPUBLICA of 16 June noted that only in the case of Peru was the alphabetical order of introducing speakers not followed at the Cartagena summit. President Fujimori was introduced last, following Portugal, giving the impression, according to LA REPUBLICA, of an addition: coming after the leaders of "impeccable democratic" countries. Whether or not this was an honest mistake, the paper continued, the oversight became justified by Fujimori's statements on the "actual existence" in Peru of "its own kind of democracy" and his "equating the defense of human rights with interventionism."

The paper said that "in spite of Fujimori's efforts at self-justification" Peru continues to be viewed, together with Haiti, as an "exception to the Latin American experience of the 1980's and 1990's," during which "democracy showed unsuspected powers of survival" regionally in spite of violence and economic crises. Fujimori's efforts at justifying the "self-coup" only emphasized what separates Peru from the other countries in the region, not what unites it with them, the paper concluded.

The daily further observed that four Ibero-American summits had served to create "cooperation dynamics" for the region's nations and also had inspired Portugal and Spain to play more active roles as links between Latin America and its developed neighbors to the north. The paper went on to lament the "particularly bad luck" Peru has had with recent Ibero-American summits: nonparticipation in Madrid shortly after President Alberto Fujimori's April 1992 "self-coup," and participation in Bahia in 1993 while "engulfed" in an "unnecessary polemic" following Brazilian President Itamar Franco's statement that "Fujimorism" was nothing more than a bad word.

In the same edition of LA REPUBLICA columnist Mirko Lauer deplored Fujimori's opposition to a blockade and possible invasion of Haiti, saying the Peruvian president had "advanced further" down the path of "Asian values." The column had an eye-catching headline in rhyme: "Cedras amigo, Fujimori esta contigo" ("Friend Cedras, Fujimori's With You"). Lauer said Fujimori offered the Haitian people, who had elected Jean-Bertrand Aristide as their president, no alternative by stating that each people would have to resolve as best it can its own internal problems. Peru has placed itself in a position, regarding Haiti, from which it has nothing to gain. It was an "unnecessary concession to an unacceptable dictator," Lauer wrote.

Lauer further said that Fujimori's criticism of the U.S. blockade of Cuba was designed to "bring him out of his diplomatic isolation" from the other South American countries, but that by defending Cedras, Fujimori had only "mixed apples and oranges."

Fujimori's actions in Cartagena "confirm that good relations with the Western and South American countries is not the forte" of the Peruvian Government. Lauer said that Fujimori is painting himself into a corner as regards his relationship with the South American nations, and that speaking favorably of China's policies would "create more problems for him in the Americas than he could solve in the short term."

Lauer concluded that by advocating nonintervention and refusing to condemn dictatorships or human rights abuses, Fujimori was gearing up for taking on the United States at the December Summit of the Americas in Miami—in preparation for which "Washington is already asking for a joint proposal on a radical defense of democracy."

Roundup of Economic Reports

PY0807000894

[Editorial Report] The following is a compilation of reports on economic activities monitored through 7 July.

On 27 June Energy and Mines Minister Daniel Hokama Tokashiki said that foreign investors, most of them from the United States, Canada, South Africa, Chile, Australia, and China, will invest $1.5 billion in mining exploitation. Requests to exploit 5.8 million hectares have been submitted so far this year. He also reported that oil production rose to 135,000 barrels daily, which represents a savings of $150 million in oil imports. (Lima EL PERUANO in Spanish 28 Jun 94 p A2)

On 29 June the Peruvian Government opened a commercial office in Taipei to improve bilateral relations and promote Taiwanese investments in the Peruvian privatization process. Office director Jaime Cardenas said they will provide necessary information on Peruvian companies to Taiwanese investors, and will also promote tourism and bilateral exchange. Bilateral trade between Peru and Taiwan totalled $174 million in 1993, which was favorable to Peruvian exports. (Lima EXPRESO in Spanish 30 Jun 94 p A12)

Although the drop of the U.S. dollar against the yen will contribute to increasing the price of Japanese products, it will be positive for Peruvian international reserves, which includes not only U.S. dollars but also other currencies. U.S. products will maintain their current prices. Central government sources said that this drop would positively affect Peruvian exports, meaning that Peruvian products will become more attractive in Japanese, German, or British markets, as consumers pay less for them. (Lima EL COMERCIO in Spanish 28 Jun 94 p E1)

The revaluation of the yen against the U.S. dollar has affected the Peruvian debt with Japan. It rose from $702.3 million to $815.9 million, an increase of 16.2 percent in less than one year. While the principal debt is capitalized at an annual rate of 21.7 percent, the accrued interest rate is 31.7 percent per year. (Lima CARETAS in Spanish 30 Jun 94 p 21)

Canada has condoned 22.7 million Canadian dollars' worth, or approximately $18 million, of the Peruvian debt to allow the Peruvian state improve its investments in social programs designed for the poorest sectors. The Canadian decision was the result of an agreement in which the Peruvian Government has made a commitment to transfer 25 percent of this amount to the National Compensation and Social Development Fund. (Lima EL COMERCIO in Spanish 29 Jun 94 p E2)

Uruguay

Government To Use Reserves To Prevent Dollar Crisis

PY0407225294 Montevideo BUSQUEDA in Spanish 30 Jun 94 p 1

[Text] Two members of the economic team, Javier de Haedo and Gustavo Licandro, have told several private banks that the government is willing to risk its monetary reserves to prevent any dollar crisis. In addition the Apex private consulting firm, which is made up of outstanding advisers of ex-President Julio Sanguinetti, said in its June report that the Central Bank is in a position to easily neutralize any eventual speculation with the U.S. currency.

In face of political comments questioning the official exchange policy, Javier de Haedo (Office of Planning and Budget) and Gustavo Licandro (Economy Ministry) met last May with executives of five banks, and confirmed that the economic policy and exchange guidelines will be maintained until the end of the administration. They also said that the reserves will be used "if we are under pressure."

The Apex company, which is managed by ex-Planning Director Ariel Davrieux, ex-Economy Secretary Luis Mosca, and ex-Mayor Julio Iglesias, estimated that the 2-percent devaluation rate will be maintained, and that inflation will continue to drop, reaching 39.7 percent at the close of the 12 month period ending in August.

Bilateral Stolen Car Agreement Signed

PY0107152494 Montevideo EL PAIS in Spanish 26 Jun 94 p 1

[Text] The Uruguayan and Paraguayan foreign ministers have signed in Asuncion a very important agreement to speed up the return of stolen vehicles that are seized by the police in either country. The agreement seeks to resolve a serious problem that has affected our country for many years. EL PAIS journalists conducted a special investigation four years ago and discovered that thousands of stolen cars trafficked by criminal organizations end up in Asuncion.

Paraguayan Foreign Minister Luis Maria Ramirez Boettner considers the bilateral agreement vital because the theft of cars is closely linked to drug trafficking.

The agreement was signed by Ramirez Boettner and Uruguay's Foreign Minister Sergio Abreu Bonilla during a ceremony on 23 June that was witnessed by Bolivian Foreign Minister Antonio Aranibar Quiroga. Once ratified by the two countries' congresses, the governments will order their respective police, justice, and customs officials to regulate it and establish a computer information system for the exchange of information between the two countries.

The agreement establishes that vehicles entering without the respective documents to prove ownership and origin will be seized immediately and held at the local customs office.

Article 2 of the agreement says that any individual or society soliciting the restitution of a vehicle will make the request to the judicial authorities of the country where the vehicle is being kept, directly, through representatives, or through the appropriate authorities. The request should be made within 30 months of the corresponding police report. After this period, the individual or company right to request the return of the vehicle according to this agreement will fall under a statute of limitations.

Expeditious processing will enable the recovery of vehicles a few days after being seized by police or customs officials.

The agreement establishes that any vehicle seized or impounded by officials of the other country, or which is reported smuggled and without documents to prove ownership or origin, will be deposited immediately with the custom officials of the country in which the vehicle was found by the simple proceeding of writing a delivery act and an inventory.

Presidential Hopeful Pereyra Interviewed

PY0707190694 Montevideo BUSQUEDA in Spanish 30 Jun 94 p 68, 65

[Interview with National Party presidential candidate Carlos Julio Pereyra by unidentified reporter; place and date not given]

[Text] [BUSQUEDA] How much does the poor showing by the National Party in the polls worry you, particularly now that we are just five months from the election?

[Pereyra] You can always expect some depreciation when you are part of a government, even though you performed well. We have a chance of winning because there are positive aspects working in our favor. There are differences among National Party factions but they do not go beyond economic policy details. National Party factions do not show the aggressiveness characteristic of Colorado Party factions, the rivalry between Julio Maria Sanguinetti and Jorge Batlle. Not to mention the Broad Front. The aggressiveness within the Front has an intensity rarely seen before. If you want consistency, do not look for it in the Colorado Party or the Broad Front.

[BUSQUEDA] You supported the idea of having just two factions representing the National Party at the election, yet we have four factions—each with its own candidate. How do you think this will affect the result?

[Pereyra] We wanted two because the National Party only has two currents. One current includes Luis Alberto Lacalle and the experts advising him. The other current is the Wilsonist [Wilson Ferreira Aldunate] current,

which began in 1991. Both support the market economy, but we grant the state an orientating role. Lacalle's current is divided between the two candidates that seek to represent the Herreraist faction (Gonzalo Aguirre Ramirez and Alberto Volonte) and Gonzalo Aguirre, Lacalle's running mate, with whose economic policies Lacalle agrees except for some specific aspects. We believe we are the only serious alternative.

[BUSQUEDA] But is it good or bad to have four presidential candidates?

[Pereyra] Some people think electors have more options this way. I think it is disadvantageous because no matter how much respect is shown, the party is divided into four factions. If we win the election we will have to coexist harmoniously within the government which, while not impossible, will not be easy.

[BUSQUEDA] You have said the market should not reign alone, that the state should defend society's interests. Sanguinetti is saying the same. How is your proposal different?

[Pereyra] That is our historic position. It is not my problem if Sanguinetti changes his past administration's liberal positions. That is Sanguinetti's problem and the problem of those who vote for him. What Sanguinetti announces today is not what he talked about before the 1992 plebiscite [rejecting a state reform law].

[BUSQUEDA] Sanguinetti maintains, however, that the role of a moderating or protective state is a Batlleist faction expression.

[Pereyra] No. Battleists went much further. They created this gigantic state that we now want to reduce. During the celebrations after the 1992 plebiscite they promised a law to reform the state, but they have not produced anything and we do not expect they will.

[BUSQUEDA] You have said that the differences between National Party factions are only in the "shades" of some economic policies. Does this mean, if you win the election, you will continue current economic policies in general terms?

[Pereyra] Never. We demanded a 180-degree turnabout during our routine weekly meetings with President Lacalle. We believe it is not enough to attack inflation simply through a fiscal balance. A foreign exchange anchor to curtail inflation is positive, but it also affects competitiveness and productive industries. A country cannot be opened too quickly after decades of protectionism because you run the risk of dismantling the productive apparatus. The opening is necessary but it must be implemented cautiously.

[BUSQUEDA] You mentioned the exchange rate policy. What would you do to correct the "exchange rate lag?"

[Pereyra] In our government program during the last elections we supported "a sole, flexible exchange rate that would fluctuate according to a parity rate that would consider the geographical distribution of our foreign trade. Thus, a realistic exchange rate could be maintained which would not block exports nor unleash an inflationary process." We supported this policy in 1989 and we support it today. The dollar would float, but at the same time it would attune the needs of the monetary policy with the necessary competitiveness. We flatly reject a high devaluation because it would merely harm fixed income sectors.

[BUSQUEDA] You have emphasized that the struggle against inflation must be made at the level of fiscal expenditure or at the level of the exchange rate policy. How would you do this?

[Pereyra] We cannot continue to live from one readjustment to the next. The policy of restraining public expenditure does not stop there: It also reduces public investments and stifles lines of credit, and in the end affects production. Increased production is the best instrument against inflation. Progress in this aspect has been lacking during the past few years because production has not been looked after in the appropriate manner. Increased production together with assistance toward exports—or at least the elimination of the obstacles that do not help exports—would enhance our possibilities for productive investment. Tax reform is another policy this government has been unable to implement. We believe it cannot be postponed. We must eventually implement income tax. It is a just and rational system that would replace the brutal taxes that exist today in the agricultural sector.

[BUSQUEDA] Walter H. Pages, one of the men you consult on economic matters, has stated that the new government must resolve structural problems, including the size of the state. Would you promote privatizations?

[Pereyra] We support down-sizing the state to the correct level, but without harming the general interest.

[BUSQUEDA] This debate has been going on for years. Which state enterprises would you keep in the hands of the state and which would you privatize totally or partially?

[Pereyra] Each case must be studied individually. The private sector should handle everything that cannot harm society. For example, I would never privatize the potable water system nor ANCAP [National Administration of Fuels, Alcohol, and Portland Cement].

[BUSQUEDA] Pages also pointed out another "structural problem" that the new government will inherit: The social security system. What reforms would you undertake?

[Pereyra] The deficit must be quantified before planning any type of reform. First, the thousands and thousands of phony pensioners must be eliminated. At least 7,000 have already been discovered. Evasion must also be attacked at the source; starting with the employers. There is a lot to do.

[BUSQUEDA] What will you do? Would you keep the social security system in the hands of the state? Would you approve a private system?

[Pereyra] I believe a private system could be implemented, but always with the state acting as guarantor. I refuse to totally hand it over such a large sum to the private sector. A catastrophe could occur.

[BUSQUEDA] Could Lacalle's government be called neoliberal?

[Pereyra] His technicians are doctrinally neoliberal. Politicians have tried to attenuate these convictions and this is why we have frequent confrontations between members of the executive branch and technicians, or confrontations between the economy minister and other ministers.

[BUSQUEDA] You have energetically censored technicians. If you become president, will you resort to them or will you follow only political criteria?

[Pereyra] I do not detest technicians, but I do not believe excessively dogmatic advisers are the best. It is the politician who must provide solutions because it is he who has to work close to the mechanism of the state. When a technician overrides a politician it is then that the essence of democracy is overrun because citizens elect politicians.

[BUSQUEDA] Is Economy and Finance Minister Ignacio de Posadas an example of the type of minister you do not want?

[Pereyra] He is an inspired person, but at times his technical ideology clashes with the government's overall solution. In addition, the economy minister is a type of super minister in this government, and to a certain extent in the previous government. If the livestock minister, for example, speaks about the crisis in his sector, he may find the economy minister telling him that, in accordance with his policy for the Central Bank and on the advice of technicians, the exchange rate must be maintained come what may. I do not agree with the harshness the economy minister is currently using. It is alright for him to be open-handed and agree with everyone, but his attitude has provoked social conflicts by excluding, for example, important sectors of the administration from receiving the 6-percent increase. An increase was subsequently granted following strikes and stoppages. The worker is left with the idea that if he goes on strike he will get what he wants.

[BUSQUEDA] You said last week that the state has been rather "lax" regarding Mercosur [Common Market of the South]. What should have been done?

[Pereyra] To a certain extent Mercosur has been left to the private sector. It is here the state should play its supervisory role. This is why we will present a draft bill to create a National Reconversion Institute, not for the state to undertake reconversion, but to give advice, guidance, and to allocate the resources of Bank of the Republic or those provided by the Inter-American Development Bank.

Venezuela

President Installs Emergency Banking Board

PA0807013194 Caracas Union Radio Network in Spanish 1100 GMT 7 Jul 94

[From the "Union Radio News" newscast]

[Text] Upon swearing in the members of the Emergency Board for Banking Supervision, President Rafael Caldera said the national government must prevent further disorder in the financial system.

[Name indistinct] Sanchez, Hugo Romero, and Alonso Velasco Yanchez are members of the board, which is chaired by Finance Minister Julio Sosa Rodriguez. Antonio Casas Gonzalez, president of the Central Bank of Venezuela; Norys Aguirre, president of Deposit Guarantee and Banking Protection Fund; and General Bank Superintendent Tesalio Cadenas will also be members.

During a brief speech, President Caldera emphasized that the financial crisis has greatly affected the entire economy and caused serious problems. He added that it is necessary to avert further economic problems in order to fully restore the Venezuelan people's confidence in the sector.

After the swearing in ceremony, Central Bank of Venezuela adviser Hugo Romero denied that the emergency board will consider bank nationalization. The board's duty is to supervise and reorganize banks, which is something quite different.

[Begin recording] [Romero] Nationalization implies full control of banking, and I do not believe that will be part of our duties.

[Unidentified reporter] But you can change bank boards?

[Romero] The current general banking law authorizes the bank superintendent to carry out such actions when he has certain information concerning the bank. Our duties do not compare or even come close to the concept of nationalization. [end recording]

Romero announced that the Emergency Board will hold its first meeting today to prioritize the tasks it will tackle first.

Congressmen To Work With President on Reforms

PA0707131094 Caracas Union Radio Network in Spanish 1100 GMT 6 Jul 94

[From the "Union Radio News" newscast]

[Text] Congressmen are willing to cooperate with President Rafael Caldera to approve the legislative reforms needed to solve the financial system's problems.

At the conclusion of the 5 July ceremony in Congress, representatives of the various political parties were asked about the president's message. Henry Ramos Allup, leader of Democratic Action's (AD) wing, said that his party is, as always, willing to cooperate.

[Begin Ramos recording] We are willing, as we have always been. I can only speak for AD's parliamentary faction. We have provided very convincing examples, proof that we are very willing to cooperate with the Executive in solving the nation's problems from our arena. Our arena of action is to legislate and to control. Moreover, given that people's memories are very vague, you might recall that we gave the president of the Republic a Special Powers Law, without the Executive's asking, given the situation that existed at the time. He used this law within the limits that I believe were acceptable. We are still willing to approve in the Congress any initiative on changes in the law proposed by the president on economic and control matters. [end recording]

Meanwhile, Deputy Segundo Melendez, leader of the Movement toward Socialism party wing, confirmed that they are waiting for the president to ask them to work with him.

[Being Segundo Melendez recording] Actually, we believe that this group of measures lacks some additional steps, such as definition of an overall plan for facing the crisis and an overall plan to face the financial emergency. We are waiting for the president of the Republic to call the dialogue we have been requesting in order to draw up a plan. This plan would be based on consensus among all Venezuelans willing to face a situation that affects each of us, or at least the majority of us, adversely. [end recording]

Likewise, Ramon Guillermo Avelero, leader of Social Christian Party party wing, expressed a similar opinion.

[Begin Avelero recording] To date, Congress has not withheld support for the government. This is a government with minority in parliament—aside from the fact that it steers this minority with the daintiness of an elephant in a crystal factory—that has received Congress's support. It has received support on all fronts [words indistinct]. In this situation, where we agree on the need for emergency measures, where we have had public disagreements over the suspension of citizens' guarantees and how the government uses this suspension, our cooperation might consist of studying the measures, those that fall within our scope. We can help keep the government from following a course of action that would not be particularly beneficial to the government. [end recording]

To conclude, Senator Eduardo Gomez, president of Congress, stressed that the parliament is willing to work toward this, therefore as soon as the Executive's projects arrive they shall be analyzed and studied both responsibly and quickly.

Bankers Reject Financial Emergency Board Decree

PA0707145494 Caracas EL GLOBO in Spanish 6 Jul 94 p 12

[Report by Mario A. Beroes]

[Text] Venezuelan bankers have expressed their complete disagreement with Presidential Decree No. 248, which creates the Financial Emergency Board.

Banco Caribe President Edgar Dao has already "taken the first step," announcing that he will go to the Supreme Court to ask that Articles 3, 6, 8, and 9 of the Presidential Decree in question be abolished "because, according to the decree, the state is allowing and assuming operational control over all the nation's banks, which means that commercial banks are indeed being placed under state control."

Another owner of a sound bank who agrees with Dao is German Garcia-Velutini, his former colleague on the government-appointed administrative board that took over Banco Latino.

Garcia-Velutini believes that recirculating deposits will only inject more money into bankrupt banks from banks that are financially sound.

[Garcia-Velutini] This cannot be. It is impossible that bankers who did a good job of managing and earned the trust of our clients would have to subsidize banks that went broke because of bad management practices.

Banco Provincial President Jose Maria Nogeroles spoke in similar terms. He also opposes Article 6 of Presidential Decree No. 248.

He noted that although deposits are guaranteed by the nation, banks have not been clearly told how these guarantees will be delivered.

In addition, it is an open secret that the state does not have sufficient funds in the present circumstances to back such guarantees.

Minister Vows Decree if Mass Dismissals Occur

PA0707142694 Caracas Union Radio Network in Spanish 2200 GMT 6 Jul 94

[Report by Vicente Briceno from Miraflores Palace for the "Union Radio News" newscast]

[Text] The government will issue a decree on labor stability if mass dismissals occur as a result of the implementation of the workers' compensatory food and transportation bonus payment.

Labor Minister Juan Nepomuceno Garrido made this announcement and noted that his office will prevent any

abuse by managers as a result of the implementation of this measure. Garrido was asked what the executive branch's position would be if there were mass dismissals. He replied:

[Begin Garrido recording] The Ministry will immediately issue a decree ordering the reinstatement of those dismissed, if they were victims of a mass dismissal action. [end recording]

The labor minister rejected the possibility that a change would be negotiated in the existing social benefits system. He said there would be no changes. He said that only a few proposals have been made and that he does not like any wheeling and dealing.

Minister Anticipates No Food Supply Problems

PA0707125194 Caracas Union Radio Network in Spanish 1100 GMT 6 Jul 94

[From the "Union Radio News" newscast]

[Text] Ciro Anez Fonseca, agriculture and livestock minister, has said that the community should not fear a food shortage since supplies have been guaranteed. In this regard, Minister Anez Fonseca said that the people should not worry about contraband agricultural products coming in from Colombia, as this will not occur.

[Being Anez Fonseca recording] We can assure you that measures have been taken so that supplies are not adversely affected in any way. Supplies are guaranteed. Yesterday, in a meeting of the development minister, the agriculture and livestock minister, and the importing and production sectors, we discussed supply levels. Therefore we are in a position to give assurances that there is no risk of shortage in basic supplies. [end recording]

Likewise the agriculture and livestock minister indicated that there are large food reserves in Venezuela. In addition, he recalled that the opening up policy for imports continues in force. To conclude, Minister Anez Fonseca stressed that the food supply has top priority in granting foreign exchange.

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